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FIRST PACIFIC COMPANY LIMITED

(Incorporated in Bermuda with limited liability)

Website: <http://www.firstpacco.com>

Stock code: 00142

CONNECTED TRANSACTIONS

PROVISION OF LOAN TO LANDCO AND GRANT OF CALL OPTIONS IN RELATION TO SHARES IN LANDCO

The Company is pleased to announce that MPIC entered into an agreement on 9 September 2008 with ABHC, AXB and Landco pursuant to which MPIC (the 51% shareholder of Landco) agrees to advance a loan in the amount of PhP500 million (approximately US\$10.7 million or HK\$83.3 million) to Landco on the terms and conditions of the Agreement.

Under the Agreement, it is also agreed that, either:

- (a) AXB and ABHC, together the 49% shareholder of Landco, will fund up to 49% of the Loan, being PhP245 million (approximately US\$5.2 million or HK\$40.8 million), by 31 October 2008, upon which MPIC will receive a repayment of 49% of the Loan from AXB and ABHC in an amount of PhP245 million (approximately US\$5.2 million or HK\$40.8 million) plus accrued interests thereon; or
- (b) Landco may itself raise financing in an amount of PhP500 million (approximately US\$10.7 million or HK\$83.3 million) by 31 October 2008 and will repay MPIC the Loan (plus accrued interests thereon) in full by 31 October 2008.

In addition, under the Agreement, MPIC agrees to further grant to ABHC and AXB, collectively the AB Call Option to purchase and acquire from MPIC the MPIC Shareholdings at the AB Call Option Exercise Price. Each of ABHC and AXB also further grants to MPIC the MPIC Call Option to purchase and acquire from ABHC and AXB the AB Shareholdings at the MPIC Call Option Exercise Price. Further details of the AB Call Option and the MPIC Call Option are summarised in the body of this announcement.

AXB is a director of MPIC and Landco and holds more than 30% interests in ABHC. ABHC and AXB also together own 49% interest in Landco. As such, both ABHC and AXB are connected persons to the Company. The financial assistance to be provided by MPIC (as an affiliate of the Company and is part of the Group), ABHC and AXB to Landco therefore constitutes a connected transaction for the Company under Rules 14A.13(2)(a)(i) and 14A.13(2)(a)(ii) of the Listing Rules. The grant of the AB Call Option and the MPIC Call Option also each constitutes a connected transaction for the Company under Rule 14A.68 of the Listing Rules.

Each of the relevant percentage ratios (as defined in the Listing Rules) in respect of the financial assistance to be provided under the Agreement is less than 2.5%. Pursuant to Rule 14A.66(2), such transaction is only subject to the reporting and announcement requirements set out in Rules 14A.45 to 14A.47 of the Listing Rules and is exempt from the approval of independent shareholders of the Company. For the grant of AB Call Option and the MPIC Call Option, the AB Call Option Exercise Price and the MPIC Call Option Exercise Price are not yet known and are dependent on the results of the Landco Valuation which shall be completed no later than 15 October 2008. While it is anticipated that each of the relevant ratios (as defined in the Listing Rules) will be less than 2.5%, it is provided in the Agreement that the exercise of the AB Call Option and the MPIC Call Option will be subject to consents and approvals required by law or regulation applicable to MPIC and the Company, including the Listing Rules.

INTRODUCTION

The Company is pleased to announce that MPIC entered into an agreement (the “Agreement”) on 9 September 2008 with ABHC, AXB and Landco pursuant to which MPIC (the 51% shareholder of Landco) agrees to advance a loan in the amount of PhP500 million (approximately US\$10.7 million or HK\$83.3 million) (the “Loan”) to Landco on the terms and conditions of the Agreement.

Under the Agreement, it is also agreed that, either:

- (a) AXB and ABHC, together the 49% shareholder of Landco, will fund up to 49% of the Loan, being PhP245 million (approximately US\$5.2 million or HK\$40.8 million), by 31 October 2008, upon which MPIC will receive a repayment of 49% of the Loan from AXB and ABHC in an amount of PhP245 million (approximately US\$5.2 million or HK\$40.8 million) plus accrued interests thereon; or

- (b) Landco may itself raise financing in an amount of PhP500 million (approximately US\$10.7 million or HK\$83.3 million) by 31 October 2008 and will repay MPIC the Loan (plus accrued interests thereon) in full by 31 October 2008.

In addition, under the Agreement, MPIC agrees to further grant to ABHC and AXB, collectively the AB Call Option to purchase and acquire from MPIC the MPIC Shareholdings at the AB Call Option Exercise Price. Each of ABHC and AXB also further grants to MPIC the MPIC Call Option to purchase and acquire from ABHC and AXB the AB Shareholdings at the MPIC Call Option Exercise Price. Further details of the AB Call Option and the MPIC Call Option are summarised in the table below.

THE AGREEMENT

Date: 9 September 2008

Parties: (1) MPIC
(2) ABHC
(3) AXB
(4) Landco

Loan amount: PhP500 million (approximately US\$10.7 million or HK\$83.3 million), of which PhP300 million (approximately US\$6.4 million or HK\$50.0 million) shall be initially advanced by MPIC to Landco no later than 11 September 2008 and the remaining PhP200 million (approximately US\$4.3 million or HK\$33.3 million) shall be advanced by MPIC to Landco no later than 30 days thereafter or 11 October 2008.

Under the Agreement, it is also agreed that, either:

- (a) AXB and ABHC, together the 49% shareholder of Landco, will fund up to 49% of the Loan, being PhP245 million (approximately US\$5.2 million or HK\$40.8 million), by 31 October 2008, upon which MPIC will receive a repayment of 49% of the Loan from AXB and ABHC in an amount of PhP245 million (approximately US\$5.2 million or HK\$40.8 million) plus accrued interests thereon; or
- (b) Landco may itself raise financing in an amount of PhP500 million (approximately US\$10.7 million or HK\$83.3 million) by 31 October 2008 and will repay MPIC the Loan (plus accrued interests thereon) in full by 31 October 2008.

Interest rate: 10% per annum.

Repayment: Landco shall use its best effort to repay the Loan and all accrued interest thereon on or before 31 October 2008

AB Call Option: MPIC grants to each of ABHC and AXB, collectively the AB Call Option to purchase and acquire from MPIC the MPIC Shareholdings at the AB Call Option Exercise Price.

Where ABHC and AXB are unable to acquire their 49% pro-rata share of the Loan (plus accrued interests thereon) from MPIC by 31 October 2008 or Landco is unable to fully repay the Loan (plus accrued interests thereon) by 31 October 2008, the AB Call Option may be exercised by ABHC and AXB at any time prior to 11:00 a.m. of 31 October 2008 to purchase or procure the purchase of the MPIC Shareholdings as well as the Loan (plus accrued interests thereon) in each case no later than 30 November 2008. Further, should ABHC and AXB fail to purchase and/or pay for the MPIC Shareholdings and the Loan (plus accrued interests thereon) by 30 November 2008 after having exercising the AB Call Option, ABHC and AXB shall be liable to MPIC for damages.

Where ABHC and AXB are able to acquire their 49% pro-rata share of the Loan (plus accrued interests thereon) from MPIC by 31 October 2008 or Landco is able to fully repay the Loan (plus all accrued interests thereon) by 31 October 2008, the AB Call Option may be exercised by ABHC and AXB at any time prior to 11:00 a.m. of 30 November 2008 to purchase or procure the purchase of the MPIC Shareholdings and, if applicable, MPIC's 51% pro-rata share of the Loan (plus accrued interests thereon) no later than 29 December 2008. Further, should ABHC and AXB fail to purchase and/or pay for the MPIC Shareholdings and, if applicable, MPIC's 51% pro-rata share of the Loan (plus accrued interests thereon) by 29 December 2008 after having exercising the AB Call Option, ABHC and AXB shall be liable to MPIC for damages.

Should ABHC and AXB fail to exercise the AB Call Option within or before the required time in each case, the AB Call Option shall cease to have any force and effect.

MPIC Call Option: Each of ABHC and AXB grants to MPIC the MPIC Call Option to purchase and acquire from ABHC and AXB the AB Shareholdings at the MPIC Call Option Exercise Price.

MPIC shall exercise the MPIC Call Option at any time after: (1) the lapse of the AB Call Option without the AB Call Option being exercised or (2) 30 November 2008 with ABHC and AXB failing to purchase and or pay for the MPIC Shareholdings and the Loan after having exercised the AB Call Option; or (3) 29 December 2008 where ABHC and AXB are able to fund up to their 49% pro-rata share of the Loan (plus accrued interests thereon) by 31 October 2008 or Landco having fully repaid the Loan (plus accrued interests thereon) by 31 October 2008 and ABHC/AXB exercised the AB Call Option but failing to purchase and/or pay for MPIC's 51% pro-rata share thereof.

Exercise price: The exercise price of both AB Call Option and MPIC Call Option are not currently available but will be determined based on the Landco Valuation. which shall be completed no later than 15 October 2008. The AB Call Option and the MPIC Call Option shall not be exercised prior to the determination of the exercise price of both the AB Call Option and the MPIC Call Option.

Upon determination of the exercise price of the AB Call Option and the MPIC Call Option after the Landco Valuation, the Company will publish an announcement disclosing the exercise price and, where applicable, the Company will re-comply with the requirements under the Listing Rules.

AB Retention Shares: ABHC/AXB shall have the option to require MPIC and/or its successors-in interest to buy and MPIC shall have the option to require ABHC/AXB to sell, the AB Retention Shares at any time within the period commencing not earlier than one year and ending no later than 2 years each from the date of the Agreement at the Landco Valuation, plus interest at the same rate applicable to the Loan, reckoned from 31 October 2008 until the date the AB Retention Shares are sold and/or purchased, as the case may be.

VIEWS OF THE DIRECTORS

The Directors (including the independent non-executive Directors) consider that the Agreement and the transactions contemplated thereunder are made on an arm's length basis and on normal commercial terms. The Directors (including the independent non-executive Directors) are of the view that the terms of the Agreement and the transactions contemplated thereunder are fair and reasonable and in the interest of the Group and the shareholders of the Company as a whole.

REASONS OF ENTERING INTO THE TRANSACTIONS CONTEMPLATED BY THE AGREEMENT

The Loan is to be provided to Landco in order for it to meet certain of its maturing obligations as well as its continuing working capital requirements.

The call option arrangements as set out in the Agreement are intended to provide AXB/ ABHC, Landco and MPIC the flexibility to pursue various alternatives for expanding the capital base of Landco which is required for further successful implementation of its current and future portfolio of projects. Landco is currently led by AXB in his capacity as Chairman of the board of Landco and he will continue in this role to facilitate the continuing successful development of Landco.

CONNECTED RELATIONSHIP BETWEEN THE PARTIES

AXB is a director of MPIC and Landco and holds more than 30% interests in ABHC. ABHC and AXB also together own 49% interests in Landco. As such, both ABHC and AXB are connected persons to the Company. The financial assistance to be provided by MPIC (as an affiliate of the Company and is part of the Group), ABHC and AXB to Landco therefore constitutes a connected transaction for the Company under Rules 14A.13(2)(a)(i) and 14A.13(2)(a)(ii) of the Listing Rules. The grant of the AB Call Option and the MPIC Call Option also each constitutes a connected transaction for the Company under Rule 14A.68 of the Listing Rules.

LISTING RULES IMPLICATIONS

Each of the relevant percentage ratios (as defined in the Listing Rules) in respect of the financial assistance to be provided under the Agreement is less than 2.5%. Pursuant to Rule 14A.66(2), such transaction is only subject to the reporting and announcement requirements set out in Rules 14A.45 to 14A.47 of the Listing Rules and is exempt from the approval of independent shareholders of the Company. For the grant of AB Call Option and the MPIC Call Option, the AB Call Option Exercise Price and the MPIC Call Option Exercise Price are not yet known and are dependent on the results of the Landco Valuation which shall be completed no later than 15 October 2008. While it is anticipated that each of the relevant ratios (as defined in the Listing Rules) will be less than 2.5%, it is provided in the Agreement that the exercise of the AB Call Option and the MPIC Call Option will be subject to consents and approvals required by law or regulation applicable to MPIC and the Company, including the Listing Rules.

GENERAL

The Company is a Hong Kong-based investment and management company with operations located in Asia. Its principal business interests relate to Telecommunications, Consumer Food Products, Infrastructure and Natural Resources.

MPIC is a Philippine corporation, the shares of which are listed and traded on the Philippine Stock Exchange and is an investment and management company with holdings in infrastructure, real estate development and healthcare enterprises.

ABHC is an investment holding company incorporated in the Republic of the Philippines.

AXB is a director of MPIC and Landco.

Landco is a Philippine company engaged in all aspects of real estate businesses. The net asset value of Landco as at 31 December 2007 is PhP1,326.7 million (approximately US\$28.3 million or approximately HK\$221.1 million) and the net profits of Landco before and after taxation and extraordinary items are PhP249.6 million (approximately US\$5.4 million and approximately HK\$42.5 million) and PhP106.6 million (approximately US\$2.3 million and approximately HK\$18.1 million), respectively, for the financial year ended 31 December 2007 and net profits of Landco before and after taxation and extraordinary items are PhP303.1 million (approximately US\$5.9 million and approximately HK\$46.2 million) and PhP159.9 million (approximately US\$3.1 million and approximately HK\$24.4 million), respectively, for the financial year ended 31 December 2006.

DEFINITIONS

The following words and phrases used in this announcement have the following meanings:

“ABHC”	AB Holdings Corporation, a corporation duly organised and existing under and by virtue of the laws of the Philippines;
“AB Call Option”	the right and option granted by MPIC to each of ABHC and AXB to purchase and acquire from MPIC all of the MPIC Shareholdings at the AB Call Option Exercise Price under the terms and conditions and in the manner set forth in the Agreement, the exercise of which will be subject to consents and approvals required by law or regulation applicable to MPIC and the Company, including the Listing Rules;
“AB Call Option Exercise Price”	shall be determined based on the Landco Valuation;
“AB Retention Shares”	in relation to the MPIC Call Option, the 10% of the outstanding shares of Landco required to be deducted from the AB Shareholdings upon exercise of the MPIC Call Option;

“AB Shareholdings”	the aggregate of 3,834,248 fully paid common shares of stock of Landco comprising of approximately 49% of the total issued and outstanding capital stock thereof held by ABHC and AXB;
“AXB”	Alfred Xerez-Burgos, JR, a director of MPIC and Landco;
“Board”	board of Directors;
“Company”	First Pacific Company Limited, a company incorporated in Bermuda with limited liability the shares of which are listed on the Stock Exchange;
“connected person(s)”	has the meaning ascribed to it in the Listing Rules;
“Directors”	directors of the Company;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollars;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Independent Third Parties”	person(s) or company(ies) which is/are independent of any member of the Group, the directors, the chief executives, the controlling shareholders, the substantial shareholders of the Company or its subsidiaries, and their respective associates (as defined in the Listing Rules);
“Landco”	Landco Pacific Corporation, a corporation duly organised and existing under and by virtue of the laws of the Philippines, which is held by MPIC and ABHC/ AXB as to approximately 51% and as to approximately 49% of its issued share capital respectively;
“Landco Valuation”	a valuation of Landco by an independent appraiser appointed jointly by MPIC, ABHC and AXB which should take place as soon as practicable and should be completed no later than 15 October 2008;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;

“MPIC”	Metro Pacific Investments Corporation, a corporation duly organised and existing under and by virtue of the laws of the Philippines, which is part of the Group on account of the equity interest of an affiliate of the Company;
“MPIC Call Option”	the right and option granted by each of ABHC and AXB to MPIC to purchase and acquire from ABHC and AXB the AB Shareholdings, less 10% of the outstanding shares of Landco, at the MPIC Call Option Exercise Price under the terms and conditions and in the manner set forth in the Agreement, the exercise of which will be subject to consents and approvals required by law or regulation applicable to MPIC and the Company, including the Listing Rules;
“MPIC Call Option Exercise Price”	shall be determined based on the Landco Valuation;
“MPIC Shareholdings”	the aggregate of 3,990,732 fully paid common shares of stock of Landco, comprising approximately 51% of the total issued and outstanding capital stock thereof held by MPIC;
“PhP”	Philippine Peso, the lawful currency of the Philippines;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“US\$”	United States dollars; and
“%”	percentage.

By Order of the Board
First Pacific Company Limited
Nancy L.M. Li
Company Secretary

Hong Kong, 11 September 2008

Unless otherwise stated, translations of quoted currency values are made on an approximate basis and at the rate of US\$1.00 = PhP46.8 = HK\$7.8. Percentages and figures expressed in millions have been rounded.

As at the date of this announcement, the Board comprises the following Directors:

Anthoni Salim, *Chairman*

Manuel V. Pangilinan, *Managing Director and CEO*

Edward A. Tortorici

Robert C. Nicholson

Napoleon L. Nazareno

Ambassador Albert F. del Rosario

Sir David W.C. Tang*, *KBE*

Tedy Djuhar

Sutanto Djuhar

Ibrahim Risjad

Benny S. Santoso

Graham L. Pickles*

Professor Edward K.Y. Chen*, *GBS, CBE, JP*

* *Independent Non-executive Directors*