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FIRST PACIFIC COMPANY LIMITED

第一太平有限公司

(Incorporated with limited liability under the laws of Bermuda)

Website: www.firstpacific.com

(Stock Code: 00142)

DISCLOSEABLE AND CONNECTED TRANSACTION

CONTRACT BETWEEN NLEX CORPORATION AND D.M. CONSUNJI, INC. IN RELATION TO THE CONSTRUCTION OF THE NLEX-SLEX CONNECTOR ROAD – SECTION 1 PROJECT IN THE PHILIPPINES

THE CONSTRUCTION CONTRACT

NLEX and Consunji entered into the Construction Contract, pursuant to which Consunji has agreed to construct and complete the civil works for the NLEX-SLEX Connector Road – Section 1 project in the Philippines in accordance with the terms of the Construction Contract.

The contract price for the Project is Php7.98 billion (equivalent to approximately US\$155.0 million or HK\$1.2 billion), inclusive of taxes, subject to adjustments as provided for in the Construction Contract.

The Construction Contract was awarded by NLEX to Consunji following a detailed competitive bidding process conducted by NLEX. The contract price was determined pursuant to such detailed competitive bidding process and after arm's length negotiations between NLEX and Consunji and was based on normal commercial terms with reference to the expertise, experience and market position of Consunji, and the complexity, design, quality and quantity of the works for the Project, and the allocation of risks under the Construction Contract.

DIRECTORS' VIEW

The Directors (including the independent non-executive Directors) consider that the terms of the Construction Contract are fair and reasonable and that the entering into of the Construction Contract is on normal commercial terms or better (as far as the Company is concerned), in the ordinary and usual course of business of the Group and in the interests of the Company and its shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

One or more of the applicable percentage ratios (as set forth in Rule 14.07 of the Listing Rules) in respect of the Transaction exceeds 5% but all the applicable percentage ratios are less than 25%. Accordingly, the Transaction constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

The Group has an approximately 55.2% voting interest and an approximately 42.2% economic interest in MPIC, which in turn indirectly owns NLEX as to approximately 75.0%. Accordingly, NLEX is a subsidiary of the Group.

The Group has an approximately 51.3% interest in MWHC, the holding company of Maynilad Water Services, Inc., which holds an exclusive concession granted by MWSS on behalf of the Philippine Government, to provide water and sewerage services in the West Zone of the MWSS service area. DMCI, being the 27.2% shareholder of MWHC, is a connected person of the Company. Consunji is a subsidiary of DMCI and is, therefore, a connected person of the Company. Accordingly, the entering into of the Construction Contract constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules.

The Construction Contract is on normal commercial terms or better (as far as the Company is concerned) and Consunji is a connected person of the Company at the subsidiary level. The Board has approved the entering into of the Construction Contract and the independent non-executive Directors have confirmed that the terms of the Construction Contract are fair and reasonable and that the entering into of the Construction Contract is on normal commercial terms or better (as far as the Company is concerned) and in the interests of the Company and its shareholders as a whole. Therefore, pursuant to Rule 14A.101 of the Listing Rules, entering into of the Construction Contract is exempt from the circular, independent financial advice and shareholders' approval requirements under Chapter 14A of the Listing Rules.

THE CONSTRUCTION CONTRACT

On 13 January 2020, NLEX and Consunji entered into the Construction Contract, pursuant to which Consunji has agreed to construct and complete the civil works for the NLEX-SLEX Connector Road – Section 1 project in the Philippines in accordance with the terms of the Construction Contract.

Major terms of the Construction Contract are summarized as follows:

Contract Price

The contract price for the Project is Php7.98 billion (equivalent to approximately US\$155.0 million or HK\$1.2 billion), inclusive of taxes, subject to adjustments depending on the final costs incurred in the Project and as provided for in the Construction Contract, and payable by NLEX to Consunji in cash.

Interim payments

On the seventh day of each month or the preceding working day (an “**Assessment Date**”), Consunji shall submit an application for interim payments for amounts (“**Price For Work Done to Date**”) that will have been paid by Consunji during the period of four weeks after each Assessment Date (the “**Relevant Period**”), in respect of the work which is forecast to have been completed in accordance with the Construction Contract during the Relevant Period. Prior to the submission of the application on the Assessment Date, Consunji is required to deliver its preliminary forecast of the Price For Work Done to Date together with supporting particulars for the assessment to NLEX, and engage with NLEX to agree on the forecast. NLEX shall, within seven days of the Assessment Date, issue to Consunji an interim payment certificate certifying the amount which NLEX fairly determines to be due, and provide reasons for any deduction or addition on the claimed amount. The relevant interim payment shall be paid to Consunji within three weeks of the Assessment Date.

Final payment

Following Completion and within 30 days after all defects have been remedied in accordance with the terms of the Construction Contract (which defects, if any, shall have been notified to NLEX and corrected by Consunji within 52 weeks (one year) after Completion), Consunji shall submit to NLEX a final account stating its assessment of outstanding amounts due under the Construction Contract. NLEX shall, within 30 days of receiving the submission from Consunji, issue a final payment certificate certifying the amount which NLEX fairly determines to be due. Consunji shall, within seven days of receiving the final payment certificate, either accept the amount certified by NLEX or notify NLEX of its disagreement. Any dispute or difference relating to the certified amount shall be resolved in accordance with the dispute provisions of the Construction Contract.

Basis of determination of the contract price

The Construction Contract was awarded by NLEX to Consunji following a detailed competitive bidding process conducted by NLEX. The contract price was determined pursuant to such detailed competitive bidding process and after arm’s length negotiations between NLEX and Consunji and was based on normal commercial terms with reference to the expertise, experience and market position of Consunji, and the complexity, design, quality and quantity of the works for the Project, and the allocation of risks under the Construction Contract.

Retention Amount

NLEX is entitled to withhold a retention amount equivalent to 5% of the amount certified in each interim payment certificate for the Price for Work Done to Date. The retention amount will be withheld in respect of outstanding works and until defects have been remedied.

Performance Bond

Consunji shall obtain and deliver a Performance Bond in the agreed form from a bank acceptable to NLEX for the due performance of the works under the Construction Contract, equal to 10% of the agreed contract price (inclusive of tax), to NLEX within four weeks after the date of Consunji's receipt of the notice to proceed from NLEX to commence the works. The Performance Bond will expire on the earlier of (i) the payment by the bank of the bonded sum in full to NLEX and (ii) the date of Completion.

Construction Period

Consunji shall commence the works under the Construction Contract 14 calendar days after the date of Consunji's receipt of the notice to proceed from NLEX (the "**Starting Date**"). Consunji shall have 20 months from the Starting Date to complete the works.

If Consunji fails to complete the works within the time for Completion under Construction Contract (subject to any extension of time in accordance with the terms of the Construction Contract), Consunji shall pay to NLEX delay damages calculated at the rate of 0.10% of the contract price for the Project per day, subject to a maximum amount of 10% of the contract price for the Project (inclusive of tax).

REASONS FOR AND BENEFITS OF ENTERING INTO THE CONSTRUCTION CONTRACT

Consunji is one of the Philippines' largest construction firms and historically has been considered among the best in terms of capacity and experience in Construction & Engineering. It has a proven track record of satisfactory performance and is managed by highly competent technical personnel that are committed to delivering projects on time without compromising quality. The DPWH has also expressed that it has no objection to the selection of Consunji as the construction contractor for the Project.

The entering into of the Construction Contract with Consunji is expected to benefit NLEX as Consunji's technical proposal meets the standards set by NLEX and its final commercial proposal is well within NLEX's budgetary cost estimates, and thus ensuring substantial savings in the projected construction cost. The foregoing will also help ensure NLEX's ability to complete the North Luzon Expressway project within the projected construction schedule, cost and specifications.

Moreover, the said commercial proposal and the terms and conditions of the Construction Contract were finalized following a detailed competitive bidding process and a series of discussions and negotiations, and extensive review by and between Consunji and NLEX. Finally, complemented by its sound financial standing, NLEX is confident in entrusting the Project to Consunji.

The Directors (including the independent non-executive Directors) consider that the terms of the Construction Contract are fair and reasonable and that the entering into of the Construction Contract is on normal commercial terms or better (as far as the Company is concerned), in the ordinary and usual course of business of the Group and in the interests of the Company and its shareholders as a whole.

To the best of the Directors' knowledge and information, no Director has any material interest in, or otherwise is required to abstain from voting on, the Board resolutions considering and approving the Construction Contract and the transactions contemplated thereunder.

IMPLICATIONS UNDER THE LISTING RULES

One or more of the applicable percentage ratios (as set forth in Rule 14.07 of the Listing Rules) in respect of the Transaction exceeds 5% but all the applicable percentage ratios are less than 25%. Accordingly, the Transaction constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

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The Group has an approximately 51.3% interest in MWHC, the holding company of Maynilad Water Services, Inc., which holds an exclusive concession granted by MWSS on behalf of the Philippine Government, to provide water and sewerage services in the West Zone of the MWSS service area. DMCI, being the 27.2% shareholder of MWHC, is a connected person of the Company. Consunji is a subsidiary of DMCI and is, therefore, a connected person of the Company. Accordingly, the entering into of the Construction Contract constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules.

The Construction Contract is on normal commercial terms or better (as far as the Company is concerned) and Consunji is a connected person of the Company at the subsidiary level. The Board has approved the entering into of the Construction Contract and the independent non-executive Directors have confirmed that the terms of the Construction Contract are fair and reasonable and that the entering into of the Construction Contract is on normal commercial terms or better (as far as the Company is concerned) and in the interests of the Company and its shareholders as a whole. Therefore, pursuant to Rule 14A.101 of the Listing Rules, entering into of the Construction Contract is exempt from the circular, independent financial advice and shareholders' approval requirements under Chapter 14A of the Listing Rules.

GENERAL

Consunji is a subsidiary of DMCI. It is principally engaged in Construction & Engineering Works, Real Estate (Property Development), Energy, Water and Mining.

DMCI is a leading construction company in the Philippines and currently manages Subic Water & Sewerage Company, Inc. DMCI’s shares have been listed on the Philippine Stock Exchange since 1995.

The Company is a Hong Kong-based investment management and holding company with operations located in Asia-Pacific. Its principal business interests relate to consumer food products, infrastructure, natural resources and telecommunications.

MPIC is a Philippine affiliate of the Company. MPIC is an investment management and holding company focused on infrastructure development and has its common shares listed on the Philippine Stock Exchange.

As at the date of this announcement, the Group has an approximately 55.2% voting interest and an approximately 42.2% economic interest in MPIC.

NLEX is a company engaged in the development, design, construction, finance, operation and management of toll road projects in the Philippines. It has been awarded the North Luzon Expressway project by the DPWH. It is an indirect subsidiary of MPIC in which MPIC owns an effective interest of 75.0%.

The NLEX-SLEX Connector Road is a 5-kilometer all elevated four-lane expressway which will extend the North Luzon Expressway (NLEX) from the end of Segment 10 at C3 Road Caloocan City and the South Luzon Expressway (SLEX), generally traversing the Philippine National Railway rail track.

DEFINITIONS

In this announcement, the following terms and expressions have the following meanings, unless the context requires otherwise:

- “Board” Board of Directors of the Company;
- “Company” First Pacific Company Limited, an exempted company incorporated in Bermuda and having its shares listed on The Stock Exchange of Hong Kong Limited;
- “Completion” completion of all of the works under the scope specified in the Construction Contract;

“Construction Contract”	the contract dated 13 January 2020 entered into between NLEX and Consunji in relation to the construction of the NLEX-SLEX Connector Road – Section 1 project in the Philippines;
“Consunji”	D. M. Consunji, Inc., a company incorporated in the Philippines;
“Director(s)”	the Director(s) of the Company;
“DMCI”	DMCI Holdings Inc., a company incorporated in the Philippines;
“DPWH”	the Philippine Department of Public Works and Highways, the implementing Government agency for the NLEX-SLEX Connector Road in the Philippines;
“Group”	the Company, and/or its subsidiaries, and/or its Philippine affiliates, from time to time;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
“MPIC”	Metro Pacific Investments Corporation, a company incorporated in the Philippines and having its shares listed on the Philippine Stock Exchange;
“MWHC”	Maynilad Water Holdings Company Inc., a company incorporated in the Philippines;
“MWSS”	Metropolitan Waterworks and Sewerage System;
“NLEX”	NLEX Corporation, a company incorporated in the Philippines;
“Performance Bond”	the performance bond to be issued by a bank acceptable to NLEX, in the agreed form, for the proper performance of the works under the Construction Contract;

“Php”	Philippine Peso, the lawful currency of the Republic of the Philippines;
“Project”	the construction of Section 1 of the NLEX-SLEX Connector Road under the Construction Contract, which covers the construction of a 4-lane carriageway and two interchanges located at C3 Road/5th Avenue, Caloocan City and España in Manila;
“Relevant Period”	has the meaning given to it under the paragraph headed “The Construction Contract – Contract Price” in this announcement;
“Starting Date”	has the meaning given to it under the paragraph headed “The Construction Contract – Construction Period” in this announcement;
“Transaction”	the entering into of the Construction Contract and the transactions contemplated thereunder;
“US\$”	United States dollars, the lawful currency of the United States of America; and
“%”	per cent.

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

Hong Kong, 24 March 2020

Unless stated otherwise, translations of quoted currency values are made on an approximate basis and at the rate of US\$1.00 = HK\$7.8 = Php51.5. Percentages and figures expressed have been rounded.

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

Executive Directors:

Manuel V. Pangilinan, *Managing Director and Chief Executive Officer*

Christopher H. Young, *Chief Financial Officer*

Non-executive Directors:

Anthoni Salim, *Chairman*

Benny S. Santoso

Tedy Djuhar

Independent Non-executive Directors:

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

Margaret Leung Ko May Yee, *SBS, JP*

Philip Fan Yan Hok

Madeleine Lee Suh Shin