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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](http://www.firstpacific.com)

(Stock Code: 00142)

### **DISCLOSEABLE TRANSACTION ACQUISITION OF 1,190,000,000 COMMON SHARES AND SUBSCRIPTION TO 200,000,000 REDEEMABLE PREFERRED SHARES IN AXELUM RESOURCES CORP. BY METRO PACIFIC AGRO VENTURES, INC.**

#### **ACQUISITION OF 1,190,000,000 COMMON SHARES AND SUBSCRIPTION TO 200,000,000 REDEEMABLE PREFERRED SHARES IN AXELUM RESOURCES CORP. BY METRO PACIFIC AGRO VENTURES, INC.**

On 6 February 2023, the Purchaser, a wholly-owned subsidiary of MPIC (a Philippine affiliate of the Company in which the Group indirectly holds a 46.1% economic interest), entered into the SPA pursuant to which the Purchaser agreed to purchase, and the Sellers agreed to sell, the Sale Shares (representing approximately 31.33% of the total issued common share capital of ARC) for an aggregate consideration of Pesos 4.82 billion (equivalent to approximately US\$88.3 million or HK\$688.7 million), payable in full in cash on Completion.

On the same day, the Purchaser and ARC entered into an Agreement to Subscribe, pursuant to which the Purchaser agreed to subscribe, and ARC agreed to issue the Subscription Shares for a total consideration of Pesos 0.5 billion (equivalent to approximately US\$9.2 million or HK\$71.4 million), payable in full in cash on Completion.

On Completion and subject to securing regulatory approvals, the Purchaser will have a voting interest constituting approximately 34.76% of the total issued and outstanding capital stock of ARC.

#### **REASONS FOR AND BENEFITS OF THE TRANSACTIONS**

The Company believes the Transactions will allow MPIC and the Group to diversify their investment portfolio, through the Purchaser, into the agricultural sector in the Philippines and represent a growth opportunity for MPIC.

The Directors consider that the terms of the Transactions under the Transaction Documents are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

#### **LISTING RULES IMPLICATIONS**

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Transactions are more than 5% but all of the applicable percentage ratios are less than 25%, the Transactions constitute a discloseable transaction for the Company under Chapter 14 of the Listing Rules, and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

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On Completion and subject to securing regulatory approvals, the Purchaser will have a voting interest constituting approximately 34.76% of the total issued and outstanding capital stock of ARC.

## Summary of the Transaction Documents

- Date : 6 February 2023
- Parties : **SPA**
- (i) the Purchaser, a wholly-owned subsidiary of MPIC (a Philippine affiliate of the Company); and
  - (ii) the Sellers, various registered and absolute legal and beneficial owners of the Sale Shares. Further information of the Sellers is set forth below in this announcement.
- Parties : **Agreement to Subscribe**
- (i) the Purchaser, a wholly-owned subsidiary of MPIC (a Philippine affiliate of the Company); and
  - (ii) ARC. Further information of ARC is set forth below in this announcement.
- Total consideration : The total consideration for the Transactions is approximately Pesos 5.32 billion (equivalent to approximately US\$97.5 million or HK\$760.1 million), or approximately Pesos 3.83 per share (equivalent to approximately US\$0.07 or HK\$0.55 per share); to be funded through internally-generated cash of MPIC and payable in cash on Completion.
- Basis of determination of the consideration : The total consideration was determined after arm's length negotiations among the Purchaser and the Sellers and/or ARC on normal commercial terms, after taking into account (i) the value of ARC's assets; (ii) EBITDA and price to earning multiples comparable to market benchmarks and (iii) the reasons for and benefits of the Transactions as described in the paragraph headed "Reasons for and Benefits of the Transactions" below.

Board composition	:	On Completion, the Purchaser has the right to nominate one director whilst the Sellers can appoint three directors. Following an amendment to the articles of incorporation of ARC, the number of directors on the board will increase from seven to nine with the Purchaser having the additional right to nominate one more out of six directors on the board of ARC.
Appointment of executives	:	The Purchaser may assign a finance executive into the management of ARC; whose duties and responsibilities will be determined by the ARC in consultation with the Purchaser.
Committee representation	:	The Purchaser will have representation in board committees, including the Executive Committee, Related Party Committee.
Conditions precedent	:	Completion of the Transactions is subject to the satisfaction of customary conditions, including the procurement of regulatory approvals.
Transfer restrictions	:	Reciprocal rights of first refusal for both Purchaser and Sellers.
Lock-up	:	3 years from Completion.
Completion	:	Upon satisfaction of customary conditions, including the procurement of regulatory approvals.
Governing law	:	The Republic of the Philippines.

On Completion, the Purchaser will enter into an agreement with certain shareholders of ARC relating to the shareholdings, operation and management of ARC.

## **REASONS FOR AND BENEFITS OF THE TRANSACTIONS**

The Company believes the Transactions will allow MPIC and the Group to diversify their investment portfolio, through the Purchaser, into the agricultural sector in the Philippines and represent a growth opportunity for MPIC.

The terms and conditions of the Transaction Documents are negotiated among the Purchaser and the Sellers and/or ARC on an arm's length basis with reference to EBITDA and price to earning multiples comparable to market benchmarks and the value of the assets of ARC.

Having regard to the above, the Directors consider that the terms of the Transactions under the Transaction Documents are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

### **INFORMATION ON THE COMPANY**

The Company is a Hong Kong-based investment holding company with investments located in Asia-Pacific. The Company's principal investments are in consumer food products, telecommunications, infrastructure and natural resources.

### **INFORMATION ON ARC**

ARC is a corporation duly organised and existing under the laws of the Philippines with its shares listed on the PSE. ARC is a fully-integrated manufacturer of high-quality coconut products for domestic and international food and beverage companies. ARC uses all the parts of the coconut in its production resulting to a full-line of coconut products including coconut water, desiccated coconuts, coconut milk powder, coconut milk/cream, reduced fat coconut, sweetened coconut, coconut oil, and other coconut products.

For the YTD third quarter 30 September 2022, the unaudited net profit of ARC were approximately Pesos 917.7 million (equivalent to approximately US\$16.8 million or HK\$131.1 million) before taxation and Pesos 717.3 million (equivalent to approximately US\$13.1 million or HK\$102.5 million) after taxation.

For the financial year ended 31 December 2021, the audited net profit of ARC were approximately Pesos 896.0 million (equivalent to approximately US\$16.4 million or HK\$128.0 million) before taxation and Pesos 715.3 million (equivalent to approximately US\$13.1 million or HK\$102.2 million) after taxation.

To the best of the knowledge, information and belief of the Directors and having made all reasonable enquiries, ARC and its respective ultimate beneficial owners are third parties independent of the Company and its connected persons (as defined in the Listing Rules).

### **INFORMATION ON MPIC**

MPIC is a Philippine affiliate of the Company, in which the Group indirectly holds approximately 46.1% economic interest. MPIC is one of the largest infrastructure investment management and holding companies in the Philippines, with investments in the country's largest electricity distributor, toll road operator, water distributor and light rail operation. MPIC also holds investments in healthcare, petroleum storage and real estate. MPIC's financial results are consolidated in the Group's financial statements and its shares are listed on the PSE.

## **INFORMATION ON THE SELLERS**

The Sellers are various registered and absolute legal and beneficial owners of the Sale Shares, comprising (i) Theol Holdings Inc., Domus Este Holdings Inc., Tufnell Park Holdings Inc., Luxdomino Holdings Corp., Luceatlux Holdings Corp. and Greenridge East Holdings, Inc., all of which are corporations duly organised and existing under the laws of the Philippines; (ii) Axelum Resources Corp. Retirement Plan, a retirement plan established for the benefit of ARC's employees; and (iii) CP Compass Singapore Pte. Ltd., a corporation duly organised and existing under the laws of Singapore. The ultimate beneficial owner information of the Sellers entities listed under (i) and (iii) are summarised below:

Theol Holdings Inc. is an investment holding company, beneficially owned by Henry J. Raperoga and Elizabeth J. Raperoga.

Domus Este Holdings Inc. is an investment holding company, beneficially owned by Paul Rene Z. Tayag and Laura S. Tayag.

Tufnell Park Holdings Inc. is an investment holding company, beneficially owned by Jose Armando R. Nañawa and Erlinda L. Nañawa.

Luxdomino Holdings Corp. and Luceatlux Holdings Corp. are investment holding companies, beneficially owned by Jose Celestino P. Torres.

Greenridge East Holdings, Inc. is an investment holding company, beneficially owned by Romeo I. Chan, Henry J. Raperoga and Vicente T. Mills, Jr.

CP Compass Singapore Pte. Ltd. is a Singapore-based holding company managed by Crescent Point Group, a private equity firm focusing on investments in Asia in which David McKee Hand is the largest owner.

To the best of the knowledge, information and belief of the Directors and having made all reasonable enquiries, the Sellers and their respective ultimate beneficial owners are third parties independent of the Company and its connected persons (as defined in the Listing Rules).

## **INFORMATION ON THE PURCHASER**

The Purchaser is a wholly-owned subsidiary of MPIC. It is principally engaged in agribusiness.

## **LISTING RULES IMPLICATIONS**

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Transactions is more than 5% but all of the applicable percentage ratios are less than 25%, the Transactions constitute a discloseable transaction for the Company under Chapter 14 of the Listing Rules, and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

## DEFINITIONS

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

“Agreement to Subscribe”	the agreement to subscribe dated 6 February 2023 entered into between the Purchaser and ARC relating to the subscription of the Subscription Shares;
“ARC”	Axelum Resources Corp., a corporation duly organised and existing under the laws of the Philippines and listed on the PSE. Details of ARC are set forth in the section headed “Information on ARC” in this announcement;
“Company”	First Pacific Company Limited, an exempted company incorporated in Bermuda and having its shares listed on the Stock Exchange;
“Completion”	being the date on which there is satisfaction of customary conditions, including the procurement of regulatory approvals under the Transaction Documents;
“Directors”	the directors of the Company;
“EBITDA”	Earnings before interests, taxes, depreciation and amortization;
“Group”	together, the Company, its subsidiaries and/or its Philippine affiliates;
“HK\$”	Hong Kong dollar, 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;
“MPIC”	Metro Pacific Investments Corporation, a company incorporated in the Philippines with limited liability, the common shares of which are listed on the PSE;
“Pesos”	Philippine Pesos, the official currency of the Philippines;
“PSE”	the Philippine Stock Exchange;

“Purchaser”	Metro Pacific Agro Ventures, Inc., a corporation duly organised and existing under the laws of the Philippines and a wholly-owned subsidiary of MPIC. Details of the Purchaser are set forth in the section headed “Information on the Purchaser” in this announcement;
“RPS”	redeemable preferred shares in ARC with a par value of Peso 1 per share;
“Sale Shares”	comprising 1,190,000,000 common shares of ARC, representing approximately 31.33% of the total issued capital stock of ARC;
“Sellers”	various registered and absolute legal and beneficial owners of the Sale Shares, details of which are set forth in the section headed “Information on the Sellers” in this announcement;
“Shareholders”	holders of the shares in the Company;
“SPA”	the sale and purchase agreement dated 6 February 2023 entered into between the Purchaser and the Sellers relating to the sale and purchase of the Sale Shares;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subscription Shares”	comprising 200,000,000 RPS in ARC;
“Transaction Documents”	collectively, the SPA, the Agreement to Subscribe and the agreement with certain shareholders of ARC to be entered into upon Completion;
“Transactions”	Transactions contemplated under the terms of the Transaction Documents, as described in this announcement;
“US\$”	United States dollar, the lawful currency of the United States of America;
“YTD”	year-to-date; and



“%” per cent.

*In this announcement, unless stated otherwise, translations of quoted currency values are made on an approximate basis and at the rate of Pesos 54.59 = US\$1.00 = HK\$7.80. Percentages and figures expressed in billions and millions have been rounded.*

By Order of the Board  
**First Pacific Company Limited**  
**Chiu Wing Man, Fiona**  
*General Counsel and Company Secretary*

Hong Kong, 7 February 2023

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

***Executive Directors:***

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

***Non-executive Directors:***

Anthoni Salim, *Chairman*  
Benny S. Santoso  
Axton Salim

***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  
Blair Chilton Pickerell