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## **FIRST PACIFIC COMPANY LIMITED**

*(Incorporated with limited liability under the laws of Bermuda)*

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

**(Stock Code: 00142)**

### **ANNOUNCEMENT**

#### **CONTINUING CONNECTED TRANSACTIONS**

##### **(1) FRAMEWORK AGREEMENT BETWEEN MAYNILAD WATER SERVICES INC. AND D.M. CONSUNJI, INC.**

##### **(2) LEASE AGREEMENT BETWEEN MAYNILAD WATER SERVICES INC. AND DMCI PROJECT DEVELOPERS, INC.**

The Company announces the entering into of a framework agreement between Consunji, a subsidiary of DMCI, and Maynilad in relation to the provision of construction services by Consunji to Maynilad.

The Company also announces the entering into of a lease agreement between DMCIPD, a subsidiary of DMCI, and Maynilad.

First Pacific group has approximately 55% (on a fully diluted basis) interest in DMWC, the holding company of Maynilad. By virtue of Rule 14A.11 of the Listing Rules, the remaining 45% shareholder of DMWC, DMCI is a connected person of the Company. DMCIPD and Consunji are subsidiaries of DMCI, hence, connected persons of the Company.

Accordingly, the entering into of the Framework Agreement and the Lease Agreement each constitutes a continuing connected transaction for the Company under Rule 14A.14 of the Listing Rules.

Based on the five test calculations set out in Rule 14.07 of the Listing Rules, the applicable relevant percentage ratios in respect of the aggregated annual caps for the Framework Agreement and the Lease Agreement are less than 2.5%. The Framework Agreement and the Lease Agreement are, therefore, subject to the reporting and announcement requirements under Rules 14A.45 to 14A.47 of the Listing Rules, but are exempt from the independent shareholders' approval under the Listing Rules.

## **Introduction**

Reference is made to the announcement of First Pacific Company Limited ("First Pacific" or the "Company") dated 13 August 2008, relating to certain agreements ("August Announcement Agreements") entered into between Maynilad Water Services Inc. ("Maynilad") and DMCI Holdings Inc. ("DMCI") in respect of continuing transactions which are subject to reporting and disclosure requirements under Rule 14A.41 of the Rules Governing The Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules"). Reference is also made to the announcements of the Company dated 28 October 2008, 2 December 2008, 7 January 2009 and 23 February 2009, respectively, pursuant to which the Company announced the entering into of six construction contracts between Maynilad and DMCI group (the "October Announcement Agreements", the "December Announcement Agreement", the "January Announcement Agreements" and the "February Announcement Agreement", respectively and collectively referred to as the "Previous Agreements").

## **Framework Agreement**

The Company announces the entering into between D.M. Consunji, Inc. ("Consunji"), a subsidiary of DMCI, and Maynilad of a framework agreement ("Framework Agreement") in relation to the provision of construction services by Consunji to Maynilad.

The key terms of the Framework Agreement are set out below:

Date of Contract:	23 March 2009
Parties:	Maynilad as customer and Consunji as supplier of construction services
Term:	23 March 2009 to 31 December 2011
Services to be rendered:	engineering, procurement and/or construction services to be provided by Consunji to Maynilad (the "Services").

Provision of Services: If Maynilad requires any Services from Consunji, it may enter into a specific service contract (“Service Contract”) with Consunji prior to the provision of the relevant services. The Service Contract and the relevant service order once executed shall form part of the Framework Agreement provided that aggregate consideration under all Service Contracts covered by the Framework Agreement shall not exceed 15% of Maynilad’s annual budget for capital expenditure projects (“CAPEX”), which is approximately the cost of the Services which the DMCI group had provided to Maynilad in 2007 and 2008.

Payment: The Framework Agreement provides that details of all fees and payments due to Consunji shall be specified in each Service Contract.

Under Rule 14A.35(2) of the Listing Rules, an annual cap is required to be set for each continuing connected transaction. The proposed annual caps in respect of the Framework Agreement for the period from 23 March 2009 to 31 December 2009 and the years ending 31 December 2010 and 2011 are set out below (“Caps”):

2009 (From 23 March 2009 to 31 December 2009) (US\$ million)	2010 (US\$ million)	2011 (US\$ million)
22.9	24.9	24.9

The Caps have been determined based on the approximate cost of the Services which the DMCI group had provided to Maynilad in 2007 and 2008. In 2007, the projects awarded to the DMCI group amounted to Php608.5 million (approximately US\$12.6 million and approximately HK\$98.5 million), representing approximately 12.2% of the capital expenditures budget of Php5,000 million (approximately US\$103.7 million and approximately HK\$809.1 million) for the year 2007. In 2008, the projects awarded to the DMCI group amounted to Php974.7 million (approximately US\$20.2 million and HK\$157.7 million), representing approximately 12.9% of the capital expenditures budget of Php7,527 million (approximately US\$156.2 million and approximately HK\$1,218.1 million) for the year 2008.

The Framework Agreement was entered into on normal commercial terms, in the ordinary course of business of Maynilad and Consunji, and on an arm’s length basis.

## Lease Agreement

The Company also announces the entering into between DMCI Project Developers, Inc. (“DMCIPD”), a subsidiary of DMCI, and Maynilad, of the following lease agreement (“Lease Agreement”):

Date of Contract:	23 March 2009
Term of Lease:	1 February 2009 to 31 January 2012
Rented Premises:	4/F 1321 Apolinario Street, Barangay Bangkal, Makati City, the Philippines together with twelve parking units
Consideration:	Php356,345 (approximately US\$7,393 and approximately HK\$57,666) per month; or Php4,276,140 (approximately US\$88,717 and approximately HK\$691,989) per annum; or Php12,828,420 (approximately US\$266,150 and approximately HK\$2,075,968) over the terms of the lease (i.e. 3 years)

Under Rule 14A.35(2) of the Listing Rules, an annual cap for is required to be set for each continuing connected transaction. The proposed annual caps in respect of the Lease Agreement for the period from 1 February 2009 to 31 December 2009 and the years ending 31 December 2010 and 2011 are set out below:

2009 (From 1 February 2009 to 31 December 2009) (US\$ million)	2010 (US\$ million)	2011 (US\$ million)
0.1	0.1	0.1

The consideration in respect of the Lease Agreement is determined based on prevailing lease rates in the relevant area in the Philippines. The Lease Agreement was entered into on normal commercial terms, in the ordinary course of business of Maynilad and DMCIPD, and on an arm’s length basis.

## Description of the connected relationships

First Pacific group has approximately 55% (on a fully diluted basis) interest in DMCI MPIC Water Co. Inc. (“DMWC”), the holding company of Maynilad. By virtue of Rule 14A.11 of the Listing Rules, the remaining 45% shareholder of DMWC, DMCI is a connected person of the Company. DMCIPD and Consunji are subsidiaries of DMCI, hence, connected persons of the Company.

Accordingly, the entering into of the Framework Agreement and the Lease Agreement each constitutes a continuing connected transaction for the Company under Rule 14A.14 of the Listing Rules.

### **Listing Rules Implications**

Based on the five test calculations set out in Rule 14.07 of the Listing Rules, the applicable relevant percentage ratios in respect of the aggregated annual caps for the Framework Agreement and the Lease Agreement are less than 2.5%. The Framework Agreement and the Lease Agreement are, therefore, subject to the reporting and announcement requirements under Rules 14A.45 to 14A.47 of the Listing Rules, but are exempt from the independent shareholders' approval under the Listing Rules.

### **Reasons for the entering into of the agreements**

The directors of the Company (including the independent non-executive directors) ("Directors") believe that the terms of the Framework Agreement and the Lease Agreement are fair and reasonable and in the interest of the shareholders as a whole.

In view of the continuing nature of the transactions which are the subject of the Framework Agreement, the Directors believe that the entering into of the Framework Agreement has the benefit of reducing the administrative burden and costs associated with compliance with laws and regulations of the First Pacific group.

The directors of the Company also believe that the entering into of the Lease Agreement will be beneficial to the First Pacific group because the Lease Agreement contains terms that are more favorable than those in other comparable lease contracts that are readily available to Maynilad.

### **General**

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

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.

DMCIPD and Consunji are subsidiaries of DMCI.

Maynilad is a company incorporated in the Republic of the Philippines and holds an exclusive concession, granted by Metropolitan Waterworks and Sewerage System on behalf of the Philippine government, to provide water and sewerage services in the area of West Metro Manila.

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

Hong Kong, 25 March 2009

*Unless stated otherwise, translations of quoted currency values are made on an approximate basis and at the rate of US\$1.00 = Php48.2 = HK\$7.8. Percentages and figures expressed 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\*

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

\* *Independent Non-executive Directors*