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## **FIRST PACIFIC COMPANY LIMITED**

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

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

**(Stock Code: 00142)**

### **DISCLOSEABLE TRANSACTION ENTERING INTO OF A SHARE PURCHASE AGREEMENT FOR FURTHER ACQUISITION OF INTEREST IN PHILEX MINING CORPORATION**

#### **Introduction**

Reference is made to the announcements of the Company dated 6 October 2008, 16 October 2008, 20 November 2008 and 28 November 2008, relating to previous acquisitions of interests by the First Pacific group in Philex.

The Company is pleased to announce that Two Rivers, its Philippine affiliate, has entered into a Share Purchase Agreement with the Sellers on 2 December 2009, to acquire an approximately 9.2% interest in Philex from the Sellers. Following completion of the Share Purchase Agreement, the Group (including Two Rivers) will own a total of approximately 40.7% in Philex. Other than certain fixed preference share dividends payable to Filipino investors who hold preference shares in certain Philippine affiliates of the Company, the Group is entitled to approximately a 40.7% economic interest in Philex.

The Group currently has approximately a 31.5% economic interest in Philex.

To the best of the directors' knowledge, information and belief, having made all reasonable enquiries, the Sellers and their respective ultimate beneficial owner(s) are third parties independent of the Company and its connected persons.

#### **The Share Purchase Agreement**

The main terms of the Share Purchase Agreement are summarised below in this announcement.

**Listing Rules Implications**

Since one or more of the applicable percentage ratios in respect of the Acquisition exceed(s) 5% but all of the applicable percentage ratios are less than 25%, the Acquisition constitutes a discloseable transaction for the Company under the Listing Rules.

**Directors' Views and Reasons for the Acquisition**

The directors of the Company are of the view that the Acquisition and the terms of the Share Purchase Agreement are fair and reasonable and in the interests of the shareholders of the Company as a whole.

There exist significant mineral deposits in the Philippines and the development of the mining industry is a particular focus of the Philippine Government and it actively encourages investment in the mining sector. Philex is a company with a long history and which presently generates substantial profits from its existing mining interests.

The purchase price of PhP21 (equivalent to approximately US\$0.45 or approximately HK\$3.5) per Target Share represents a premium of approximately 7.7% to the closing price of Philex of PhP19.5 (equivalent to approximately US\$0.41 or approximately HK\$3.2) on the Philippine Stock Exchange as of 2 December 2009. The acquisition of an additional approximately 9.2% interest in Philex brings the Group's total investment in Philex to just over 40% and fulfills the objectives set out in (a) the Company's announcement dated 6 October 2008 to acquire further shares in Philex so as to increase its aggregate interests up to 40% and (b) the rights issues prospectus dated 4 November 2009 of applying part of the proceeds of the Rights Issue to expand and develop the Group's mining strategies in the Philippines. The Group's increased interest in Philex brings the opportunity to appoint 5 out of 11 members of the Philex board, which in turn will allow the Company to exercise significant influence over the future strategic direction of Philex.

**Introduction**

Reference is made to the announcements of First Pacific Company Limited (the "Company" or "First Pacific") dated 6 October 2008, 16 October 2008, 20 November 2008 and 28 November 2008, relating to previous acquisitions of interests by the First Pacific group ("Group") in Philex Mining Corporation ("Philex").

The Company is pleased to announce that Two Rivers Pacific Holdings Corporation ("Two Rivers"), its Philippine affiliate, has entered into a share purchase agreement (the "Share Purchase Agreement") with Mr. Roberto V. Ongpin, Goldenmedia Corporation, Boerstar Corporation, Elkhound Resources Inc., Development Bank of the Philippines and Mr. Walter W. Brown (together referred to as the "Sellers") on 2 December 2009, to acquire an approximately 9.2% interest (i.e. 452,088,160 shares in the capital stock of Philex (the "Target Shares") in Philex) from the Sellers (the "Acquisition"). Following

completion of the Share Purchase Agreement, the Group (including Two Rivers) will own a total of approximately 40.7% in Philex. Other than certain fixed preference share dividends payable to Filipino investors who hold preference shares in certain Philippine affiliates of the Company, the Group is entitled to approximately a 40.7% economic interest in Philex.

The Group currently has approximately a 31.5% economic interest in Philex.

To the best of the directors' knowledge, information and belief, having made all reasonable enquiries, the Sellers and their respective ultimate beneficial owner(s) are third parties independent of the Company and its connected persons.

### **The Share Purchase Agreement**

The main terms of the Share Purchase Agreement are summarised below:

Parties	:	(1) Two Rivers as Buyer (2) Mr. Roberto V. Ongpin, Goldenmedia Corporation, Boerstar Corporation, Elkhound Resources Inc., Development Bank of the Philippines and Mr. Walter W. Brown as Sellers
Target Shares	:	452,088,160 shares in the capital stock of Philex, representing approximately 9.2% of the total issued share capital of Philex.
Consideration	:	PhP9,493,851,360 (equivalent to approximately US\$202.0 million or approximately HK\$1,575.6 million) (i.e. PhP21 (equivalent to approximately US\$0.45 or approximately HK\$3.5) per Target Share).

The consideration is payable as follows at closing of the Acquisition:

- (i) PhP7,393,851,360 (equivalent to approximately US\$157.3 million or approximately HK\$1,227.1 million) in cash; and
- (ii) the balance of PhP2,100,000,000 (equivalent to approximately US\$44.7 million or approximately HK\$348.5 million) in the form of a promissory note ("P note") to be issued by Two Rivers in favour of the Sellers.

The consideration is calculated based on arm's length negotiation taking into account the future prospect of Philex's mining business and funded by internal resources.

P note, pledge and guarantee : The main terms of the P note are summarised as follows:

Amount: PhP2,100,000,000 (equivalent to approximately US\$44.7 million or approximately HK\$348.5 million)

Interest: 9% p.a.

Maturity date: 7 December 2010

Prepayment penalty: None

Two Rivers' obligations under the P note is secured by a pledge constituted over 100,000,000 shares (approximately 2.0%) in Philex and shall be covered by a guarantee to be issued by the Company in favour of the Sellers.

Closing date : 7 December 2009

Conditions precedent : Closing is conditional upon fulfilment of certain conditions precedent, the principal ones being as follows:

- (i) Truth and correctness of all representations and warranties;
- (ii) Compliance with all obligations required to be performed before closing;
- (iii) Obtaining of all necessary governmental approvals and third party consents;
- (iv) No law, regulation, injunction or similar prohibition against the Acquisition;

- (v) any and all options, warrants, subscriptions, calls, rights, convertible securities or other agreements or commitments, obligating Philex to issue, transfer, sell, redeem, repurchase or otherwise acquire any shares of its capital stock or securities held by the Sellers and any of their related companies or interests pertaining to the shares in Philex shall have been irrevocably and unconditionally assigned to Two Rivers at no additional cost to Two Rivers or Philex;
- (vi) Confirmation by brokers that the Target Shares have been delivered to it in preparation for block sale on closing date; and
- (vii) Sellers shall have obtained all required internal corporate approvals and provided Two Rivers with copies thereof.

Board representation : The Sellers shall procure the resignation of certain nominees to the board of Philex.

In addition, the Sellers and Two Rivers shall jointly exercise their rights as shareholders of Philex to procure that the composition of the 11-member board of directors of Philex will be as follows:

- (i) 5 members to be appointed by the Group;
- (ii) 1 member to be appointed from the management of Philex;
- (iii) 2 independent members to be appointed; and
- (iv) 3 members to be appointed by other shareholders of Philex.

Representation and warranties : Customary representations and warranties given by the Sellers in favour of Two Rivers.

Governing law : Philippine law

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### **Directors' Views and Reasons for the Acquisition**

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The purchase price of PhP21 (equivalent to approximately US\$0.45 or approximately HK\$3.5) per Target Share represents a premium of approximately 7.7% to the closing price of Philex of PhP19.5 (equivalent to approximately US\$0.41 or approximately HK\$3.2) on the Philippine Stock Exchange as of 2 December 2009. The acquisition of an additional approximately 9.2% interest in Philex brings the Group's total investment in Philex to just over 40% and fulfills the objectives set out in (a) the Company's announcement dated 6 October 2008 to acquire further shares in Philex so as to increase its aggregate interests up to 40% and (b) the rights issues prospectus dated 4 November 2009 of applying part of the proceeds of the Rights Issue to expand and develop the Group's mining strategies in the Philippines. The Group's increased interest in Philex brings the opportunity to appoint 5 out of 11 members of the Philex board which in turn will allow the Company to exercise significant influence over the future strategic direction of Philex.

### **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, Infrastructure, Consumer Food Products and Natural Resources.

Philex is a Philippine listed company engaged in exploration, development and utilisation of mineral resources. The net asset value of Philex as at 30 September 2009 is PhP14,643 million (equivalent to approximately US\$307.4 million or approximately HK\$2,398.0 million) and the net profits of Philex before and after taxation and extraordinary items are PhP3,270 million (equivalent to approximately US\$73.2 million or approximately HK\$570.9 million) and PhP2,893 million (equivalent to approximately US\$64.7 million or approximately HK\$505.0 million), respectively, for the financial

year ended 31 December 2008 and the net profits of Philex before and after taxation and extraordinary items are PhP5,621 million (equivalent to approximately US\$122.6 million or approximately HK\$956.0 million) and PhP5,005 million (equivalent to approximately US\$109.1 million or approximately HK\$851.3 million), respectively, for the financial year ended 31 December 2007.

Mr. Roberto V. Ongpin is the Vice-Chairman of Philex's board of directors and he is also the Chairman and Member of the executive committee of Philex. He will resign from the board of directors of Philex and its executive committee upon completion of the Acquisition. He will sell 3,217,562 Target Shares (approximately 0.1%) in Philex.

Goldenmedia Corporation is a Philippine company which is beneficially owned by Mr. Roberto V. Ongpin. Goldenmedia Corporation will sell 123,221,372 Target Shares (approximately 2.5%) in Philex.

Boerstar Corporation is a Philippine company which is beneficially owned by Mr. Roberto V. Ongpin. Boerstar Corporation will sell 175,085,852 Target Shares (approximately 3.6%) in Philex.

Elkhound Resources Inc. is a Philippine company which is beneficially owned by Mr. Roberto V. Ongpin. Elkhound Resources Inc. will sell 66,250,000 Target Shares (approximately 1.3%) in Philex.

Development Bank of the Philippines is a financial institution in the Philippines which will sell 59,339,000 Target Shares (approximately 1.2%) in Philex.

Mr. Walter W. Brown is the Chief Executive Officer and a member of the board of directors of Philex. Mr. Brown is also a member of the executive committee of Philex. He will resign from the board of directors of Philex and its executive committee upon completion of the Acquisition. He will sell 24,974,374 Target Shares (approximately 0.5%) in Philex.

By Order of the Board  
**First Pacific Company Limited**  
**Manuel V. Pangilinan**  
*Managing Director and CEO*

Hong Kong, 2 December, 2009

*Unless stated otherwise, translations of quoted currency values are made on an approximate basis and at the rate of US\$1 = PhP47.00 = HK\$7.8. Percentages and figures expressed have been rounded.*

As at the date of this announcement, the board of directors of the Company 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*