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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**

#### **ENTERING INTO OF A SUPPLEMENTAL AGREEMENT IN RELATION TO CONVERTIBLE NOTES ISSUED TO ASIA LINK B.V., A WHOLLY-OWNED SUBSIDIARY OF THE COMPANY**

##### **ENTERING INTO OF A SUPPLEMENTAL AGREEMENT IN RELATION TO CONVERTIBLE NOTES ISSUED TO ASIA LINK B.V., A WHOLLY-OWNED SUBSIDIARY OF THE COMPANY**

On 7 December 2022, ALBV (a wholly-owned subsidiary of the Company), SMECI (a wholly-owned subsidiary of Philex) and Philex (a Philippine affiliate of the Company) entered into the Supplemental Agreement, principally to extend the maturity date of the Silangan Notes. The Silangan Notes, when issued under the Subscription Agreement entered into in December 2014 had a maturity period of eight years. Pursuant to the Supplemental Agreement, the parties therein, agreed to extend the Silangan Notes for three years with effect from 19 December 2022 until 18 December 2025, with a view to support the fund-raising activities for the development of the Silangan Project. The maturity date of the Silangan Notes may be further extended twice at the option of SMECI, for a period of one year and six months for each extension.

## **REASONS FOR AND BENEFITS OF THE SUBSCRIPTION UNDER THE SUBSCRIPTION AGREEMENT**

The maturity date of the Silangan Notes was extended with a view to support the continuous development and fund-raising activities for the development of the Silangan Project with a targeted commercial operation date by the first quarter of 2025. By subscribing to the Silangan Notes through ALBV, the Company could acquire an equity interest in SMECI and a more direct participation in the Silangan Project through the exercise of the conversion rights attached to the Silangan Notes, should that be considered beneficial to the Company. The extension of the Silangan Notes allows the Company to continue to have the option to participate in the Silangan Project as aforementioned. The Silangan Project is considered one of the current three large scale projects in the Philippines to potentially achieve major copper production.

## **LISTING RULES IMPLICATIONS**

As none of the applicable percentage ratios (as defined under the Listing Rules) at the time of the entering into of the Subscription Agreement in December 2014 was more than 5%, the entering into of the Subscription Agreement in 2014 did not constitute a notifiable transaction of the Company under Chapter 14 of the Listing Rules.

Upon the entering into of the Supplemental Agreement on 7 December 2022 relating to the subscription under the Subscription Agreement, one or more of the applicable percentage ratios (as defined under the Listing Rules) is more than 5% but all of the applicable percentage ratios are less than 25%. Accordingly, the subscription of Silangan Notes under the Subscription Agreement (as amended by the Supplemental Agreement) constitutes 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.

## **ENTERING INTO OF A SUPPLEMENTAL AGREEMENT IN RELATION TO CONVERTIBLE NOTES ISSUED TO ASIA LINK B.V., A WHOLLY-OWNED SUBSIDIARY OF THE COMPANY**

On 7 December 2022, ALBV (a wholly-owned subsidiary of the Company), SMECI (a wholly-owned subsidiary of Philex) and Philex (a Philippine affiliate of the Company) entered into the Supplemental Agreement, principally to extend the maturity date of the Silangan Notes. The Silangan Notes, when issued under the Subscription Agreement entered into in December 2014 had a maturity period of eight years. Pursuant to the Supplemental Agreement, the parties therein agreed to extend the Silangan Notes for three years with effect from 19 December 2022 until 18 December 2025, with a view to support the fund-raising activities for the development of the Silangan Project. The maturity date of the Silangan Notes may be further extended twice at the option of SMECI, for a period of one year and six months, for each extension.

## **Summary of the Principal Terms of the Silangan Notes as amended by the Supplemental Agreement**

- Subscriber(s) : ALBV, a wholly-owned subsidiary of the Company
- Issuer of the Silangan Notes : SMECI, a wholly-owned subsidiary of Philex
- Principal amount : Pesos 5.04 billion (equivalent to approximately US\$90.0 million or HK\$702.0 million) of convertible notes issued by SMECI in December 2014)
- Interest : Coupon rate of 1.5% per annum, payable semi-annually every 18 June and 18 December
- Maturity date : 18 December 2022, as extended by the Supplemental Agreement until 18 December 2025, and further extendible for another three years at the option of SMECI
- Redemption premium : In addition to the interest payable by SMECI on the principal amount of the Silangan Notes, a redemption premium, payable by SMECI and Philex to ALBV at a rate of 3% per annum, retroactively from the issue date and compounded semi-annually, will apply up to 18 December 2022. Any amount of accrued redemption premium until 18 December 2022 should be subject to an interest of 1.5% per annum coupon rate, payable semi-annually. In addition, the principal amount together with the redemption premium shall also attract a 3% per annum premium from 19 December 2022 up to the redemption date, unless converted
- Conversion : The Silangan Notes are convertible into 280,000 common shares in SMECI upon maturity (equivalent to approximately 25% interest in Silangan Mindanao Mining Co., Inc.)

## **REASONS FOR AND BENEFITS OF THE SUBSCRIPTION UNDER THE SUBSCRIPTION AGREEMENT (AS EXTENDED BY THE SUPPLEMENTAL AGREEMENT)**

The maturity date of the Silangan Notes was extended with a view to support the continuous development and fund-raising activities for the development of the Silangan Project with a targeted commercial operation date by the first quarter of 2025. By subscribing to the Silangan Notes through ALBV, the Company could acquire an equity interest in SMECI and a more direct participation in the Silangan Project through the exercise of the conversion rights attached to the Silangan Notes, should that be considered beneficial to the Company. The extension of the Silangan Notes allows the Company to continue to have the option to participate in the Silangan Project as aforementioned. The Silangan Project is considered one of the current three large scale projects in the Philippines to potentially achieve major copper production.

The terms and conditions of the Subscription Agreement and the supplemental Agreement (including the interest rate of the Silangan Notes) are negotiated among SMECI and ALBV on an arm's length basis taking into account the long term nature of the Silangan Project and the period required to fully develop a sizeable mining project.

Having regard to the above, the Directors consider that the terms of the subscription under the Subscription Agreement (as amended by the Supplemental Agreement) are fair and reasonable and that the subscription under the Subscription Agreement (as amended by the Supplemental Agreement) are on normal commercial terms (as far as the Company is concerned) and in the interests of the Company and the 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 resolutions of the board of Directors of the Company considering and approving the entering into of the Supplemental Agreement.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the counterparties (SMECI and Philex) and ultimate beneficial owners of the counterparties of the transactions are third parties independent of the Company and connected persons of the Company.

## **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 ALBV**

ALBV is a corporation duly organised and existing under the laws of the Netherlands and a wholly-owned subsidiary of the Company. It is an investment holding company which holds 17.7% interest in Philex.

## **INFORMATION ON SMECI**

SMECI is a corporation duly organised and existing under Philippine law. SMECI, through its subsidiary, develops the Silangan Project. The Silangan Project is a large-scale gold and copper mining project located in Surigao del Norte, at the north-eastern tip of Mindanao in the Philippines. SMECI is a wholly-owned subsidiary of Philex, details of which are described below.

For the financial year ended 31 December 2021, the audited net loss of SMECI were approximately Pesos 591 million (equivalent to approximately US\$12.0 million or HK\$93.4 million) before taxation and Pesos 591 million (equivalent to approximately US\$12.0 million or HK\$93.4 million) after taxation.

For the financial year ended 31 December 2020, the audited net loss of SMECI were approximately Pesos 561 million (equivalent to approximately US\$11.3 million or HK\$88.5 million) before taxation and Pesos 561 million (equivalent to approximately US\$11.3 million or HK\$88.5 million) after taxation.

## **INFORMATION ON PHILEX**

Philex is a Philippine affiliate of the Company. The shares of Philex are listed on the PSE. Philex is engaged in the exploration and mining of mineral resources in Philippines and, through its investments in PXP Energy Corporation (“**PXP**”) (a corporation duly organised and existing under Philippine law and listed on the PSE), in oil and gas exploration and production. The Company has a 31.2% economic interest in Philex and a 35.7% economic interest in PXP. Two Rivers Pacific Holdings Corporation, a Philippine affiliate of the Group, holds 15.0% economic interest in Philex and 6.7% economic interest in PXP, respectively.

## **LISTING RULES IMPLICATIONS**

As none of the applicable percentage ratios (as defined under the Listing Rules) at the time of the entering into of the Subscription Agreement in December 2014 was more than 5%, the entering into of the Subscription Agreement in 2014 did not constitute a notifiable transaction of the Company under Chapter 14 of the Listing Rules.

Upon the entering into of the Supplemental Agreement on 7 December 2022 relating to the subscription under the Subscription Agreement, one or more of the applicable percentage ratios (as defined under the Listing Rules) is more than 5% but all of the applicable percentage ratios are less than 25%. Accordingly, the subscription of Silangan Notes under the Subscription Agreement (as amended by the Supplemental Agreement) constitutes 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:

“ALBV”	Asia Link B.V., a corporation duly organised and existing under the laws of the Netherlands and a wholly-owned subsidiary of the Company. Details of ALBV are set forth in the section headed “Information on ALBV” in this announcement;
“Company”	First Pacific Company Limited, an exempted company incorporated in Bermuda and having its shares listed on the Stock Exchange;
“Directors”	the directors of the Company;
“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;
“Pesos”	Philippine Pesos, the official currency of the Philippines;
“Philex”	Philex Mining Corporation, a corporation duly organised and existing under Philippine law, having its shares listed on the PSE. Details of Philex are set forth in the section headed “Information on Philex” in this announcement;
“PSE”	the Philippine Stock Exchange;
“Shareholders”	holders of the shares in the Company;
“Silangan Notes”	convertible notes issued by SMECI to ALBV pursuant to the Subscription Agreement;

“Silangan Project”	the Silangan Copper-Gold Project of SMECI operated through its subsidiary, Silangan Mindanao Mining Co., Inc. The Silangan Project is a large-scale gold and copper mining project located in Surigao del Norte, at the north-eastern tip of Mindanao in the Philippines;
“SMECI”	Silangan Mindanao Exploration Co., Inc., a corporation duly organised and existing under Philippine law. Details of SMECI are set forth in the section headed “Information on SMECI” in this announcement;
“SSS”	Social Security System, a state-run, social insurance program in the Philippines to workers in the private, professional and informal sectors. SSS is established by the Republic Act No. 1161;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subscription Agreement”	the subscription agreement dated 9 December 2014, among others, ALBV, SMECI, SSS and Philex in relation to the issue of the Silangan Notes; SSS was another subscriber of convertible notes in the principal amount of Pesos 2.16 billion (equivalent to approximately US\$38.6 million or HK\$300.9 million) under the Subscription Agreement, however, those convertible notes will mature in accordance with its terms and will not be extended under the Supplemental Agreement;
“Supplemental Agreement”	the supplemental agreement to the Subscription Agreement dated 7 December 2022 in relation to the extension of the maturity date of the Silangan Notes issued under the Subscription Agreement as described in this announcement;
“US\$”	United States dollar, the lawful currency of the United States of America; 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 56.0 = 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 December 2022

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