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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in First Pacific Company Limited, you should at once hand this circular, together with the enclosed form of proxy, to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

**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**PARTICIPATION IN TENDER OFFER TO PURCHASE SHARES IN
METRO PACIFIC INVESTMENTS CORPORATION FROM ITS
MINORITY PUBLIC SHAREHOLDERS
AND
NOTICE OF SPECIAL GENERAL MEETING**

**Independent Financial Adviser
to the Independent Board Committee and to the Independent Shareholders**

**SOMERLEY CAPITAL LIMITED**

A letter from the Board is set out on pages 5 to 16 of this circular.

A letter from the Independent Board Committee is set out on pages 17 to 18 of this circular.

A letter from the Independent Financial Adviser, containing its advice and recommendation to the Independent Board Committee and the Independent Shareholders, is set out on pages 19 to 49 of this circular.

A notice convening the SGM to be held as a virtual meeting using electronic system, organized at the Company's principal office in Hong Kong on Thursday, 24 August 2023 at 11:00 a.m. is set out on pages SGM-1 to SGM-3 of this circular. A form of proxy for use at the SGM is enclosed with this circular. The form of proxy can also be downloaded from the websites of the Company (www.firstpacific.com) and the Stock Exchange (www.hkexnews.hk). As set out in the section headed "ARRANGEMENTS FOR THE SGM" of this circular, the SGM will be a virtual meeting using electronic system which allows Shareholders to participate in and vote through the Online Platform. Whether or not you are able to participate in the SGM through the Online Platform, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return the same to the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for holding of the SGM (i.e. no later than Tuesday, 22 August 2023 at 11:00 a.m. or any adjournment thereof (as the case may be)). Completion and return of the form of proxy will not preclude you from participating in and voting through the Online Platform at the SGM or any adjournment thereof (as the case may be), should you subsequently so wish.

The English text of this circular shall prevail over the Chinese text in case of any inconsistency.

Hong Kong, 7 August 2023

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ARRANGEMENTS FOR THE SGM

PARTICIPATING IN THE SGM AND VOTING BY MEANS OF ELECTRONIC SYSTEM

The SGM will be a virtual meeting using electronic system, which allows Shareholders to participate in and vote at the SGM through online access by visiting the website – <http://meetings.computershare.com/FPC2023SGM> (the “**Online Platform**”). Shareholders participating in the SGM using the Online Platform will be counted towards the quorum and will be able to cast their vote and submit questions through the Online Platform.

The Online Platform permits a “split vote” on a resolution, in other words, a Shareholder casting his/her/its votes through the Online Platform does not have to vote all of his/her/its shares in the same way (“For” or “Against”). In the case of a proxy, he/she can vote such number of shares in respect of which he/she has been appointed as a proxy. Votes cast through the Online Platform are irrevocable once the voting session at the SGM ends.

The Online Platform will be open for registered Shareholders and non-registered Shareholders (see below for login details and arrangements) to log in approximately 30 minutes prior to the commencement of the SGM and can be accessed from any location with internet connection by a smart phone, tablet device or computer. Shareholders should allow ample time to check into the Online Platform to complete related procedures. Please refer to the Online User Guide for the SGM at the Company’s website (www.firstpacific.com) for assistance.

Login details for registered Shareholders

Details regarding the SGM arrangements including login details to access the Online Platform are included in the Company’s notification letter to registered Shareholders (the “**Shareholder Notification**”) sent together with this circular.

Login details for non-registered Shareholders

Non-registered Shareholders who wish to participate in and vote at the SGM using the Online Platform should:

- (1) contact and instruct their banks, brokers, custodians, nominees or HKSCC Nominees Limited through which their Shares are held (together, the “**Intermediary**”) to appoint themselves as proxy or corporate representative to participate in and vote at the SGM; and
- (2) provide their email address to their Intermediary before the time limit required by the relevant Intermediary.

ARRANGEMENTS FOR THE SGM

Details regarding the SGM arrangements including login details to access the Online Platform will be sent by the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, to the email address of the non-registered Shareholders provided by the Intermediary. Any non-registered Shareholder who has provided an email address through the relevant Intermediary for this purpose but has not received the login details by email by 5:00 p.m. on 23 August 2023 should reach out to Computershare Hong Kong Investor Services Limited for assistance. Without the login details, non-registered Shareholders will not be able to participate in and vote using the Online Platform. Non-registered Shareholders should therefore give clear and specific instructions to their Intermediary in respect of both (1) and (2) above.

Login details for proxies or corporate representatives

Details regarding the SGM arrangements including login details to access the Online Platform will be sent by the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, to the email address of the proxies provided to it in the relevant forms of proxy.

Registered and non-registered Shareholders should note that only one device is allowed in respect of each set of login details. Please also keep the login details in safe custody for use at the SGM and do not disclose them to anyone else. Neither the Company nor its agents assume any obligation or liability whatsoever in connection with the transmission of the login details or any use of the login details for voting or otherwise.

QUESTIONS AT THE SGM

Shareholders will be able to submit questions relevant to the proposed resolution using the Online Platform during the SGM. Shareholders can also submit their questions by email from Wednesday, 16 August 2023 (9:00 a.m.) to Friday, 18 August 2023 (6:00 p.m.) to FP.2023SGM@firstpacific.com (for registered Shareholders, please state the 10-digit shareholder reference number starting with "C" (SRN) as printed on the top right corner of the Shareholder Notification).

Whilst the Company will endeavour to respond to as many questions as possible at the SGM, due to time constraints, unanswered questions may be responded to after the SGM, as appropriate.

APPOINTMENT OF PROXY IN ADVANCE OF THE SGM

Shareholders may also exercise their right to vote at the SGM by appointing the Chairman of the SGM or other person(s) as their proxy instead of participating and voting through the Online Platform at the SGM. Shareholders are encouraged to submit their completed forms of proxy well in advance of the SGM. Return of a completed form of proxy will not preclude Shareholders from participating in and voting through the Online Platform at the SGM or any adjournment thereof (as the case maybe), should they subsequently so wish.

ARRANGEMENTS FOR THE SGM

Submission of form of proxy for registered Shareholders

A form of proxy for use at the SGM is enclosed with this circular. The form of proxy can also be downloaded from the websites of the Company (www.firstpacific.com) and the Stock Exchange (www.hkexnews.hk). Please complete and return the enclosed form of proxy to the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible, but in any event not less than 48 hours before the time appointed for the holding of the SGM (i.e. no later than Tuesday, 22 August 2023 at 11:00 a.m.) or any adjournment thereof (as the case may be).

Appointment of proxy for non-registered Shareholders

Non-registered Shareholders whose Shares are held through banks, brokers, custodians, nominees or HKSCC Nominees Limited should consult directly with their banks or brokers or custodians (as the case may be) to assist them in the appointment of proxy.

If Shareholders have any questions relating to the SGM, please contact Computershare Hong Kong Investor Services Limited, the Company's branch share registrar in Hong Kong, as follows:

Computershare Hong Kong Investor Services Limited
17M Floor, Hopewell Centre
183 Queen's Road East
Wanchai, Hong Kong
Telephone: (852) 2862 8555
Facsimile: (852) 2865 0990
Website: www.computershare.com/hk/contact

DEFINITIONS

In this circular and the appendix to it, the following expressions have the following meanings unless the context requires otherwise:

“Board”	the 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;
“Director(s)”	director(s) of the Company;
“Group”	the Company and its subsidiaries and Philippine affiliates;
“GT Capital”	GT Capital Holdings, Inc., a corporation established under the laws of the Philippines and having its shares listed on the PSE;
“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;
“Independent Board Committee”	the independent committee of the Board comprising Prof. Edward K.Y. Chen, <i>GBS, CBE, JP</i> , Margaret Leung Ko May Yee, <i>SBS, JP</i> , Philip Fan Yan Hok, Madeleine Lee Suh Shin and Blair Chilton Pickerell, being all the independent non-executive Directors, established by the Company to consider the Proposed Transaction and to advise the Independent Shareholders as to whether the terms of the Proposed Transaction are fair and reasonable and whether the Proposed Transaction is in the interests of the Company and the Independent Shareholders as a whole and to advise the Independent Shareholders on how to vote in respect of the Proposed Transaction at the SGM, taking into account the recommendation of the Independent Financial Adviser in that regard;
“Independent Financial Adviser” or “Somerley”	Somerley Capital Limited, a licensed corporation permitted to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the Proposed Transaction and as to how the Independent Shareholders should vote at the SGM in respect of the resolution to approve the Proposed Transaction;

DEFINITIONS

“Independent Shareholders”	Shareholders who do not have a material interest in the Proposed Transaction;
“JOIN”	Japan Overseas Infrastructure Investment Corporation for Transport & Urban Development, a Japanese government-private sponsored infrastructure investment fund company established under the laws of Japan;
“Latest Practicable Date”	27 July 2023, being the latest practicable date for ascertaining certain information for inclusion in this circular;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“MIG”	MIG Holdings Incorporated, a corporation established under the laws of the Philippines;
“Mit-Pacific”	Mit-Pacific Infrastructure Holdings Corporation, a corporation established under the laws of the Philippines, which is a joint venture between Mitsui and JOIN, as described in this circular;
“Mitsui”	Mitsui & Co., Ltd., a company established under the laws of Japan and having its shares listed on the Tokyo, Nagoya, Sapporo and Fukuoka stock exchanges;
“MOA”	the Memorandum of Agreement dated 26 April 2023 (intended to be amended by the parties on or around 8 August 2023, subject to the approval by MPIC shareholders of the voluntary delisting application of MPIC in connection with the Proposed Transaction at a special shareholders’ meeting to be held on the same day, in relation to allocation proportions of the parties if more than 10,123,700,000 shares were obtained under the tender offer, representing approximately 98.54% of the total outstanding common shares of MPIC) entered into between MPHI, Mit-Pacific, GT Capital and MIG, as described in this circular;
“MPHI”	Metro Pacific Holdings, Inc., a company established under the laws of the Philippines;
“MPIC”	Metro Pacific Investments Corporation, a corporation established under the laws of the Philippines and having its common shares listed on the PSE;
“Pesos”	Philippine Pesos, the lawful currency of the Philippines;

DEFINITIONS

“Proposed Transaction”	the proposed participation by MPHI as an offeror in respect of the proposed tender offer to purchase common shares in MPIC held by minority public shareholders of MPIC at the Revised Tender Offer Price, as contemplated by the MOA (taking into account the effects of amendments to be made on or around 8 August 2023), the resulting acquisition of up to an additional approximately 4.1% economic interest in MPIC and the entry into of the Shareholders’ Agreement, as described in this circular;
“PSE”	the Philippine Stock Exchange;
“Revised Tender Offer Price”	Pesos 5.20 (equivalent to approximately US\$0.09 or HK\$0.73) per MPIC common share, being the new tender offer price agreed to be paid to the minority public shareholders of MPIC in respect of the Proposed Transaction and regarded by the bidders as the best and final price;
“SFO”	the Securities and Futures Ordinance, Cap. 571 of the Laws of Hong Kong;
“SGM”	the special general meeting of the Company to be convened by the notice of the SGM and to be held as a virtual meeting using electronic system, organized at the Company’s principal office in Hong Kong on Thursday, 24 August 2023 at 11:00 a.m. for the purpose of considering and, if thought fit, approving, among other things, the participation in tender offer to purchase shares in MPIC from its minority public shareholders;
“Shareholder(s)”	holder(s) of Shares;
“Shareholders’ Agreement”	the shareholders’ agreement in relation to the operation and management of MPIC to be entered into by the parties to the MOA following completion of the tender offer contemplated by the MOA, as described in this circular;
“Shares”	ordinary shares of US\$0.01 (approximately HK\$0.078) each in the share capital of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Tender Offer Price”	Pesos 4.63 (equivalent to approximately US\$0.08 or HK\$0.65) per MPIC common share, being the original tender offer price agreed to be paid to the minority public shareholders of MPIC in respect of the Proposed Transaction;

DEFINITIONS

“US\$” United States dollars, the lawful currency of the United States of America; and

“%” per cent.

Unless stated otherwise, translations of quoted currency values are made on an approximate basis and at the rate of Pesos 55.6 = US\$1.00 = HK\$7.80. Percentages and figures expressed in billions and millions have been rounded.

LETTER FROM THE BOARD



FIRST
PACIFIC

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)

Non-executive Chairman:

Anthoni Salim

Executive Directors:

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

Christopher H. Young

Non-executive Directors:

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

Principal Office:

24th Floor, Two Exchange Square

8 Connaught Place

Central

Hong Kong

Registered Office:

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

7 August 2023

To the Shareholders of First Pacific Company Limited

Dear Sir or Madam,

DISCLOSEABLE AND CONNECTED TRANSACTION

PARTICIPATION IN TENDER OFFER TO PURCHASE SHARES IN METRO PACIFIC INVESTMENTS CORPORATION FROM ITS MINORITY PUBLIC SHAREHOLDERS AND NOTICE OF SPECIAL GENERAL MEETING

INTRODUCTION

Reference is made to the Company's announcements dated 27 April 2023, 19 May 2023, 1 June 2023 and 4 July 2023 in relation to the participation in the tender offer to purchase shares in MPIC from its minority public shareholders.

LETTER FROM THE BOARD

The purpose of this circular is to provide you with, among other things, (i) further information on the Proposed Transaction contemplated thereunder; (ii) the recommendation of the Independent Board Committee in respect of the Proposed Transaction contemplated thereunder and as to how the Independent Shareholders should vote at the SGM; (iii) the advice of the Independent Financial Adviser in respect of the Proposed Transaction contemplated thereunder and a recommendation as to how the Independent Shareholders should vote at the SGM; (iv) the notice of SGM; and (v) other information as required to be disclosed under the Listing Rules.

ENTRY INTO OF MOA

On 26 April 2023, MPHI, a Philippine affiliate of the Company, entered into the MOA with Mit-Pacific, MIG and GT Capital.

Under the MOA, MPHI has conditionally agreed to participate as an offeror alongside Mit-Pacific, MIG and GT Capital to make a tender offer to purchase the outstanding common shares of MPIC held by its minority public shareholders (representing approximately 36.7% of the outstanding common shares of MPIC), excluding MPIC common shares already held by the parties to the MOA and qualifying shares held by members of the board of directors of MPIC.

Below table shows the approximate figures of shareholding of MPIC held by each of the parties to the MOA before and after the completion of the tender offer, if the respective percentages of the total outstanding common shares of MPIC were obtained by the bidders under the tender offer:

(in billion shares)	Shareholding	Number of MPIC shares to be allocated on the basis of 100% MPIC shares obtained [^]	Shareholding after allocation [^]	Number of MPIC shares to be allocated on the basis of 95% MPIC shares obtained	Shareholding after allocation
MPHI	13.22	1.18	14.40	0.94	14.16
Mit-Pacific	0.00	5.53	5.53	4.97	4.97
MIG*	0.03	3.00	3.03	2.47	2.50
GT Capital	4.90	0.84	5.74	0.73	5.63
Total	<u>18.15</u>	<u>10.55</u>	<u>28.70</u>	<u>9.11</u>	<u>27.26</u>

LETTER FROM THE BOARD

% of outstanding common shares	Current %	% of MPIC shares to be allocated on the basis of 100% MPIC shares obtained [^]		% of MPIC shares to be allocated on the basis of 95% MPIC shares obtained	
			% after allocation [^]		% after allocation
MPHI	46.1	4.1	50.2	3.3	49.4
Mit-Pacific	0.0	19.3	19.3	17.3	17.3
MIG*	0.1	10.4	10.5	8.6	8.7
GT Capital	17.1	2.9	20.0	2.5	19.6
Total	63.3	36.7	100.0	31.7	95.0

* MIG currently holds no shares in MPIC, but it is the intention that Mr. Manuel V. Pangilinan will transfer his interests in MPIC shares of 31,622,404 common shares to MIG before or upon the completion of the Proposed Transaction.

[^] Reflecting changes made to the allocation proportions of the parties, as set out in the amended MOA intended to be entered into on or around 8 August 2023.

Each member of the board of directors of MPIC has 1 qualifying share in MPIC.

As referred to in the Company's announcement dated 27 April 2023, the Tender Offer Price was Pesos 4.63 (equivalent to approximately US\$0.08 or HK\$0.65) per MPIC common share. The Tender Offer Price takes into consideration the PSE's voluntary delisting rules and represents a premium of 22% over the 12-month volume-weighted average trading price of MPIC on the PSE preceding the date of the announcement, at Pesos 3.80 (equivalent to approximately US\$0.07 or HK\$0.53). The bidders stated in the tender offer notice that they believe that the tender offer and voluntary delisting of MPIC will allow existing shareholders to realize their investment in cash at a considerable premium to the current trading price of the common shares. The Philippine tender offer rules permit the offerors to amend the terms of the tender offer, including the tender offer price upon compliance with the tender offer report amendment requirements and other conditions that may be imposed by the Philippine Securities and Exchange Commission.

As referred to in the Company's announcement dated 4 July 2023, the Tender Offer Price was revised to Pesos 5.20 (equivalent to approximately US\$0.09 or HK\$0.73) per MPIC common share, as permitted under the Philippine tender offer rules. The Revised Tender Offer Price was being revised from the original Tender Offer Price following publication of the offer and was determined, having regard to Philippine regulatory requirements and with a view to increase the chance of satisfying the acceptance conditions under the tender offer. The Revised Tender Offer Price is regarded by the bidders as the best and final price and represents a premium of 37% over the 12-month volume-weighted average trading price of MPIC on the PSE as of 26 April 2023, the date on which the original MOA was entered into.

LETTER FROM THE BOARD

The tender offer will be conditional on sufficient acceptances being received as will permit the voluntary delisting of MPIC from the PSE following completion of the tender offer. If the minimum acceptance threshold condition (if persons proposing to delisting MPIC having obtained a total of at least 95% of the total outstanding common shares of MPIC) is not fulfilled and the PSE does not permit voluntary delisting at a lower acceptance threshold, no MPIC common shares would be accepted for purchase under the tender offer. MPHI's participation in the tender offer is conditional on Independent Shareholders' approval of the Proposed Transaction as a connected transaction under Chapter 14A of the Listing Rules.

The MOA (taking into account effects of changes made to the allocation proportions of the parties, as set out in the amended MOA intended to be entered into on or around 8 August 2023) provides that each offeror shall be individually and separately responsible for financing its respective purchase of tender offer shares allocated to it under the MOA. The allocation of MPHI is a maximum of 1.18 billion MPIC common shares, representing approximately 4.1% of the outstanding common shares of MPIC. Based on the Revised Tender Offer Price, the aggregate maximum amount of consideration payable by the bidders for the Proposed Transaction would be increased to Pesos 54.8 billion (equivalent to approximately US\$986 million or HK\$7.7 billion). The aggregate maximum amount of consideration payable by MPHI would, therefore, be approximately Pesos 6.12 billion (equivalent to approximately US\$110 million or HK\$858 million) (on the basis that persons proposing to delisting MPIC having obtained 100% of the total outstanding common shares of MPIC), which would be sourced from the internal financial resources of the Group and paid in full in cash on the settlement date prescribed by the terms of the tender offer, which is expected to be within 10 business days after the end of the tender offer period. MPHI's allocation (and the aggregate amount of consideration payable by MPHI) would be scaled back, on a pro-rata basis, if the PSE permits the voluntary delisting of MPIC at a level of acceptances received under the tender offer of MPIC common shares representing less than approximately 31.7% of the outstanding common shares of MPIC in aggregate (equivalent to a delisting threshold of 95% of the outstanding common shares to be held by the parties to the MOA on completion of the tender offer).

The MOA (taking into account effects of changes made to the allocation proportions of the parties, as set out in the amended MOA intended to be entered into on or around 8 August 2023) provides that the allocation, on the basis that persons proposing to delisting MPIC having obtained 100% of the total outstanding common shares of MPIC, of Mit-Pacific under the tender offer is 5.53 billion MPIC common shares, representing approximately 19.3% of the outstanding common shares of MPIC; the allocations of MIG and GT Capital are 3 billion MPIC common shares (representing approximately 10.4% of the outstanding common shares of MPIC) and 0.84 billion MPIC common shares (representing approximately 2.9% of the outstanding common shares of MPIC), respectively. The allocations would each be scaled back, on a pro-rata basis, if the PSE permits the voluntary delisting of MPIC at a level of acceptances under the tender offer of MPIC common shares representing less than approximately 31.7% of the outstanding common shares of MPIC in aggregate.

The MOA provides that, in addition to the tender offer being conditional on the minimum acceptance threshold described above (or the PSE permitting delisting at a lower acceptance threshold), the tender offer will be conditional on confirmation by the Philippine Competition Commission that the Proposed Transaction is not subject to compulsory notification under the Philippine Competition Act, acceptances under the tender offer being valid and legally compliant, compliance with any other applicable legal and regulatory requirements, including Independent Shareholders' approval and such other terms and conditions as may be mutually agreed upon by the parties to the MOA.

LETTER FROM THE BOARD

The tender offer period will commence on 9 August 2023 subject to and following MPIC's shareholders' approval of its voluntary delisting application and will end on 7 September 2023. Based on the current deal timetable, it is expected that PSE will approve MPIC's delisting on or around 2 October 2023. The conditions required for the PSE to approve MPIC's delisting are: (a) approval by at least two-thirds of the entire membership of the MPIC board of directors, including majority, but not less than two, of all independent directors; (b) approval by MPIC's shareholders representing at least two-thirds of the total outstanding listed shares of MPIC (and the number of votes cast against the delisting is not more than 10% of the total outstanding listed shares of MPIC); (c) the persons proposing to delisting MPIC must have obtained a total of at least 95% of the total outstanding listed shares of MPIC (with PSE having the discretion to accept a lower level which it deems sufficient for a delisting); and (d) payment of a delisting fee and other outstanding PSE fees.

INFORMATION REGARDING THE PARTIES TO THE MOA

The Company

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

MPHI

MPHI is a Philippine affiliate of the Company, in respect of which the Company has a 100% economic interest. The principal activity of MPHI is investment holding with a current holding of approximately 46.1% economic interest in MPIC.

MPIC

MPIC is a Philippine affiliate of the Company, in which the Group indirectly holds an approximately 46.1% economic interest through its subsidiaries and associates. MPIC's shares are listed on the PSE. 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, agriculture and real estate. MPIC's financial results are consolidated in the Group's financial statements.

Set out below is financial information of MPIC extracted from its audited consolidated financial statements for the financial years ended 31 December 2022 or 31 December 2021 (as applicable):

- (1) For the financial year ended 31 December 2022, MPIC's audited consolidated profit before taxation was approximately Pesos 16.9 billion (equivalent to approximately US\$311.0 million or HK\$2.4 billion) and MPIC's audited consolidated profit after taxation was approximately Pesos 13.1 billion (equivalent to approximately US\$241.2 million or HK\$1.9 billion).

LETTER FROM THE BOARD

- (2) For the financial year ended 31 December 2021, MPIC's audited consolidated profit before taxation was approximately Pesos 7.2 billion (equivalent to approximately US\$145.6 million or HK\$1.1 billion) and MPIC's audited consolidated profit after taxation was approximately Pesos 5.9 billion (equivalent to approximately US\$120.1 million or HK\$0.9 billion).
- (3) As at 31 December 2022, MPIC's audited consolidated total equity was approximately Pesos 245 billion (equivalent to approximately US\$4.4 billion or HK\$34.3 billion) and its audited consolidated net asset value attributable to shareholders was approximately Pesos 200 billion (equivalent to approximately US\$3.6 billion or HK\$28.0 billion).

MPIC currently has two major shareholders (with the Group holding an economic interest of approximately 46.1% and GT Capital holding approximately 17.1%), followed by a number of investment funds and retail investors none of which are known to hold more than 5% of MPIC.

MPIC's financial results are currently consolidated in the Group's financial statements (with an approximate voting interest of 59.1% in MPIC due to the fact that MPHI holds approximately 9,128 million voting preferred shares (representing approximately 24.1% voting interest) in MPIC which arrangement will remain effective after completion of the tender offer) and that would remain the case on completion of the tender offer (with such voting interest increasing up to approximately 62.2%, on the basis that persons proposing to delisting MPIC having obtained 100% of the total outstanding common shares of MPIC), pursuant to which MPHI would acquire up to an additional approximately 4.1% economic interest in MPIC if the tender offer becomes unconditional, taking into account effects of changes made to the allocation proportions of the parties, as set out in the amended MOA intended to be entered into on or around 8 August 2023.

Mit-Pacific

Mit-Pacific is a joint venture owned as to approximately 50% each by Mitsui and JOIN, which was established for the purpose of participating in the tender offer. Mit-Pacific is not an existing shareholder of MPIC.

Mitsui, established in 1947, is listed on the Tokyo, Nagoya, Sapporo and Fukuoka stock exchanges. It is engaged in businesses including product sales, worldwide logistics and financing, and the development of major international infrastructure and other projects in the fields of mineral and metal resources, energy, infrastructure, mobility, chemicals, iron and steel products, food and retail management, wellness, information technology and communications and corporate development.

JOIN is a Japanese government-private sponsored infrastructure investment fund company established in Japan in 2014. JOIN's aim is to encourage Japanese companies to utilize accumulated knowledge, technology and experience in the field of infrastructure to expand overseas. JOIN provides both equity and hands-on support to overseas infrastructure projects participated in by Japanese companies.

LETTER FROM THE BOARD

GT Capital

GT Capital is listed on the PSE and is a constituent stock of the PSE Index, the FTSE Index and the MSCI Philippine Index. GT Capital is a major Philippine conglomerate with interests in market leading businesses across banking, property development, infrastructure and utilities, automotive assembly, importation, wholesaling, dealership and financing, and life and non-life insurance. GT Capital is the primary vehicle for the holding and management of the diversified business interests of the family of Dr. George S.K. Ty in the Philippines. GT Capital currently holds 4.9 billion common shares in MPIC, representing approximately 17.1% of MPIC's outstanding common shares. GT Capital, therefore, is a connected person of the Company at the MPIC level.

MIG

MIG is a Philippine corporation, established for the purpose of participating in the tender offer, controlled as to 100% by Mr. Manuel V. Pangilinan, the Managing Director and Chief Executive Officer of the Company. MIG is not an existing shareholder of MPIC. Mr. Manuel V. Pangilinan, who also serves as chairman of the board of directors, the President and the Chief Executive Officer of MPIC, is currently interested in 31,622,404 common shares in MPIC (including his director's qualification share), representing approximately 0.1% of MPIC's outstanding common shares.

SHAREHOLDERS' AGREEMENT AND POST DELISTING

If the tender offer becomes unconditional and the delisting of MPIC's common shares from the PSE is approved by the requisite resolutions of MPIC's board of directors and shareholders, a Shareholders' Agreement will be entered into by MPHI, Mit-Pacific, MIG and GT Capital in relation to the operation and management of MPIC following its delisting. Principal terms of the Shareholders' Agreement are summarised as follows:

Composition of board and management arrangements

At completion of the tender offer and until MPIC remains a delisted but public company, the board shall be composed of 15 members; with MPHI having the right to appoint 8 directors; whilst GT Capital and Mit-Pacific having the right to appoint 2 directors each. The remaining 3 directors shall be independent directors of the board. Board matters will be delegated to board committees including Audit Committee, Risk Management Committee, Governance and Sustainability Committee, Compensation Committee, Nomination Committee, Data Privacy and Information Security Committee and Finance Committee.

Minority rights

A number of key corporate acts of MPIC and its subsidiaries, including, a change of nature of business, acquisition or disposal of material assets, entering into or termination of a material agreement, change in appointment of external auditor and entering into third party guarantees or indebtedness, will require an affirmative vote of the majority of the board of directors of MPIC, including at least one director appointed by each of MPHI, Mit-Pacific, MIG and GT Capital.

LETTER FROM THE BOARD

Deadlock and termination

The Shareholders' Agreement contains provisions for resolution of deadlock in relation to reserved matters and also contains provisions for a non-defaulting shareholder to terminate the agreement. The Shareholders' Agreement shall also terminate on liquidation of MPIC or acquisition of all issued shares by a single shareholder.

Share transferability

The Shareholders' Agreement includes certain customary restrictions on share transfers and including rights of first offer and tag along rights (subject to permitted transfers to affiliates free of such rights), restrictions on the creation of encumbrance over MPIC common shares, provisions regulating related party transactions.

The parties also contemplate, under certain conditions, Mit-Pacific shall have the opportunity to exchange all or part of its investment in MPIC into shares in one of MPIC's key subsidiaries and/or operating companies, subject to agreement among the shareholders together with MPIC. There is nothing definitive at this time that offer Mit-Pacific an option to acquire any such shares in MPIC's key subsidiaries and/or operating companies, in the context of Chapters 14 and 14A of the Listing Rules. If the parties do enter into definitive agreements which give Mit-Pacific an option to exchange into shares of any MPIC's key subsidiaries and/or operating companies, the Company will comply with applicable disclosure or approval requirements under the Listing Rules, as appropriate.

Upon successful delisting of MPIC, MPIC intends to continue its business as currently conducted, particularly of owning and managing its portfolio of investments, as well as investing in other sectors of the economy, in the Philippines and other parts of South East Asia.

REASONS FOR AND BENEFITS OF THE PROPOSED TRANSACTION

Successful completion of the Proposed Transaction will enable the Group to eliminate the listing of a subsidiary holding company. This will also simplify compliance with listing and disclosure requirements for the Company and MPIC. There will be an opportunity to better align strategy and operational initiatives which is expected to result in more efficient utilization of resources between the Group and MPIC and, therefore, is expected to result in a more efficient and cost-effective group structure for the Company. The Proposed Transaction also brings in a strategic partner, Mitsui, which creates potential growth and expansion opportunities to MPIC through its operational expertise in various sectors. The size of MPHI's participation in the Proposed Transaction was determined based on available resources and the investment strategy of the Company. Given the Group currently holds an approximately 46.1% economic and 59.1% voting interests in MPIC, the Company does not need to acquire a larger stake in MPIC to achieve the objectives and reap the benefits of the Proposed Transaction, as described above.

LETTER FROM THE BOARD

DIRECTORS' VIEWS

The Directors (other than the independent non-executive Directors whose view is contained in the letter from the Independent Board Committee) consider that the terms of the Proposed Transaction are fair and reasonable and that the Proposed Transaction 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.

MIG is controlled by Mr. Manuel V. Pangilinan, the Managing Director and Chief Executive Officer of the Company. Accordingly, Mr. Manuel V. Pangilinan is regarded as having a material interest in the Proposed Transaction and has abstained from voting on the resolution of the Board approving the Proposed Transaction. Save for the aforementioned, none of the other Directors has a material interest in the Proposed Transaction.

In accordance with Rule 14A.36 of the Listing Rules, Mr. Manuel V. Pangilinan and his associate(s) (defined in the Listing Rules) are interested in 70,493,078 Shares in aggregate, representing approximately 1.66% of the issued share capital of the Company, and are required to abstain from voting on the resolution to approve the Proposed Transaction to be proposed at the SGM. Save as disclosed herein, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no other Shareholder is required to abstain from voting on the resolution at the SGM. The Board confirms that to the best of its knowledge, information and belief, having made all reasonable enquiries, as at the Latest Practicable Date, there was no voting trust or other agreement or other arrangement or understanding (other than an outright sale) entered into by or binding upon any Shareholder and there was no obligation or entitlement of any Shareholder whereby he or she has or may have temporarily or permanently passed control over the exercise of the voting right in respect of his or her Shares to a third party, either generally or on a case-by-case basis.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, Mit-Pacific, being the counterparty of the Company in respect of the Proposed Transaction, and its ultimate beneficial owners, are third parties independent of the Company and connected persons of the Company.

LISTING RULES IMPLICATIONS

If the tender offer contemplated by the MOA (taking into account effects of changes made to the allocation proportions of the parties, as set out in the amended MOA intended to be entered into on or around 8 August 2023) becomes unconditional on the basis that persons proposing to delisting MPIC having obtained 100% of the total outstanding common shares of MPIC, MPHI will acquire up to an additional approximately 4.1% economic interest in MPIC.

As one or more of the applicable percentage ratios in respect of MPHI's participation in the tender offer contemplated by the MOA and the resulting acquisition of an additional up to approximately 4.1% economic interest in MPIC exceeds 5%, but all such applicable percentage ratios are less than 25%, the Proposed Transaction is a disclosable transaction under Chapter 14 of the Listing Rules, which is subject to the reporting and announcement requirements prescribed by Chapter 14 of the Listing Rules.

LETTER FROM THE BOARD

MIG is a close associate of Mr. Manuel V. Pangilinan, the Managing Director and Chief Executive Officer of the Company, under the Listing Rules and, therefore, a connected person of the Company. The Proposed Transaction is therefore also a connected transaction for the Company under the Listing Rules, which is subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. GT Capital also currently holds approximately 17.1% of MPIC's outstanding common shares, and therefore, is a connected person of the Company at the MPIC level. Therefore, its participation in the Proposed Transaction is exempt from the Shareholders' approval requirement, given the independent non-executive Directors confirmed that the Proposed Transaction is on normal commercial terms and that the Proposed Transaction was approved by the Board.

VOTING UNDERTAKING

As at the Latest Practicable Date, Mr. Anthoni Salim, the Chairman of the Company, and companies controlled by him are beneficially interested in 1,925,474,957 Shares, representing approximately 45.39% of the Company's issued share capital. Mr. Salim and those companies controlled by him have undertaken to the Company to vote those Shares in favour of the resolution to approve the Proposed Transaction to be proposed at the SGM.

SGM

There is set out on pages SGM-1 to SGM-3 of this circular a notice convening the SGM to be held as a virtual meeting using electronic system, organized at the Company's principal office in Hong Kong on Thursday, 24 August 2023 at 11:00 a.m. at which an ordinary resolution will be proposed for the approval by the Independent Shareholders of the Proposed Transaction contemplated thereunder.

A form of proxy for use at the SGM is enclosed with this circular. The form of proxy can also be downloaded from the websites of the Company (www.firstpacific.com) and the Stock Exchange (www.hkexnews.hk). As set out in the section headed "ARRANGEMENTS FOR THE SGM" of this circular, the SGM will be a virtual meeting using electronic system which allows Shareholders to participate in and vote through the Online Platform. Whether or not you are able to participate in the SGM, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return the same to the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for holding of the SGM (i.e. no later than Tuesday, 22 August 2023 at 11:00 a.m.) or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from participating in and voting through the Online Platform at the SGM or any adjournment thereof (as the case may be), should you subsequently so wish.

Pursuant to the Listing Rules, any vote of shareholders at a general meeting must be taken by poll except where the chairman, in good faith, decides to allow a resolution which related purely to a procedural or administrative matter to be voted on by a show of hands. In accordance with Bye-law 79, all resolutions put to the vote at an electronic Shareholders' meeting shall be voted on by poll, which poll votes may be cast by such electronic means as the chairman of the meeting or the Board may, in each case in his/its sole discretion, deem appropriate for the purposes of the electronic meeting.

LETTER FROM THE BOARD

In accordance with Bye-law 80, if a poll is required, it shall be taken (subject to as provided in Bye-law 81) in such manner (including the use of ballot or voting papers or tickets or some other means of identification, passcode, electronic voting or otherwise) and at such time and place, not being more than thirty (30) days from the date of the meeting or adjourned meeting at which the poll was demanded as the chairman directs. The result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded.

For the purpose of determining the identity of the Shareholders who are entitled to participate in and vote at the SGM, the Company's Register of Members will be closed from Monday, 21 August 2023 to Thursday, 24 August 2023, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for participation and voting at the SGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on Friday, 18 August 2023.

THE INDEPENDENT BOARD COMMITTEE AND THE INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee has been established to advise the Independent Shareholders in respect of the Proposed Transaction contemplated thereunder and as to how the Independent Shareholders should vote at the SGM. Somerley has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this respect.

RECOMMENDATION IN RESPECT OF VOTING

The Directors (other than those on the Independent Board Committee) consider that the Proposed Transaction contemplated thereunder, is on normal commercial terms or better, and that the terms of the Proposed Transaction are fair and reasonable and in the interests of the Company and its Shareholders as a whole. Accordingly, the Directors (other than those on the Independent Board Committee) recommend that the Independent Shareholders vote in favour of the resolution to be proposed at the SGM to approve the Proposed Transaction contemplated thereunder.

Your attention is drawn to (i) the letter of recommendation from the Independent Board Committee in respect of the Proposed Transaction contemplated thereunder which is set out on pages 17 to 18 of this circular; and (ii) the letter of advice from the Independent Financial Adviser in respect of the Proposed Transaction contemplated thereunder which is set out on pages 19 to 49 of this circular. The Independent Board Committee, having taken into account of the advice and recommendation of the Independent Financial Adviser, considers that the Proposed Transaction contemplated thereunder, is on normal commercial terms or better and in the interests of the Company and its Shareholders as a whole, and that the terms of the Proposed Transaction are fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, the Independent Board Committee and the Independent Financial Adviser recommend that the Independent Shareholders vote in favour of the resolution to be proposed at the SGM to approve the Proposed Transaction contemplated thereunder.

LETTER FROM THE BOARD

ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendix to this circular.

Yours faithfully,
For and on behalf of the Board of
First Pacific Company Limited
Anthoni Salim
Chairman

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

The following is the text of a letter from the Independent Board Committee setting out its recommendation in respect of the Proposed Transaction contemplated thereunder and as to how the Independent Shareholders should vote at the SGM.



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)

7 August 2023

To the Independent Shareholders of First Pacific Company Limited

Dear Sir or Madam,

DISCLOSEABLE AND CONNECTED TRANSACTION

PARTICIPATION IN TENDER OFFER TO PURCHASE SHARES IN METRO PACIFIC INVESTMENTS CORPORATION FROM ITS MINORITY PUBLIC SHAREHOLDERS

We refer to the circular of the Company dated 7 August 2023 (the “**Circular**”), of which this letter forms part. Unless specified otherwise, capitalized terms used herein shall have the same meanings as those defined in the Circular.

We have been appointed as members of the Independent Board Committee to consider the terms of the Proposed Transaction contemplated thereunder and to advise the Independent Shareholders as to the fairness and reasonableness of the same. The Independent Financial Adviser, Somerley, has been appointed to advise the Independent Board Committee and the Independent Shareholders, in this regard.

RECOMMENDATION

We wish to draw your attention to the letter from the Board, as set out on pages 5 to 16 of the Circular, and the letter from the Independent Financial Adviser which contains its advice to the Independent Board Committee and the Independent Shareholders in respect of the Proposed Transaction contemplated thereunder and as to how the Independent Shareholders should vote at the SGM, as set out on pages 19 to 49 of the Circular.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Having considered the principal factors and reasons considered by and the advice of the Independent Financial Adviser as set out in its letter of advice, we concur with the views of the Independent Financial Adviser and consider that the Proposed Transaction contemplated thereunder is on normal commercial terms or better and in the interests of the Company and its Shareholders as a whole, and that the terms of the Proposed Transaction are fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, we recommend the Independent Shareholders to vote in favour of the resolution to be proposed at the SGM to approve the Proposed Transaction contemplated thereunder.

Yours faithfully,

First Pacific Company Limited
Independent Board Committee

Prof. Edward K.Y. Chen, GBS, CBE, JP
Independent Non-executive Director

Margaret Leung Ko May Yee, SBS, JP
Independent Non-executive Director

Philip Fan Yan Hok
Independent Non-executive Director

Madeleine Lee Suh Shin
Independent Non-executive Director

Blair Chilton Pickerell
Independent Non-executive Director

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the full text of a letter of advice from Somerley Capital Limited to the Independent Board Committee and the Independent Shareholders in relation to the Proposed Transaction, which has been prepared for the purpose of inclusion in this Circular.



SOMERLEY CAPITAL LIMITED

20th Floor
China Building
29 Queen's Road Central
Hong Kong

7 August 2023

To: *The Independent Board Committee and the Independent Shareholders*

Dear Sirs,

DISCLOSEABLE TRANSACTION AND CONNECTED TRANSACTION

PARTICIPATION IN TENDER OFFER TO PURCHASE SHARES IN METRO PACIFIC INVESTMENTS CORPORATION FROM ITS MINORITY PUBLIC SHAREHOLDERS

INTRODUCTION

We refer to our appointment to advise the Independent Board Committee and the Independent Shareholders in connection with the MOA and the transactions contemplated therein. Details of the Proposed Transaction are set out in the letter from the Board contained in the circular of the Company (the “**Circular**”) to its shareholders dated 7 August 2023, of which this letter forms part. Unless otherwise defined, terms used in this letter shall have the same meanings as those defined in the Circular.

As stated in the Circular, on 26 April 2023, MPHI, a Philippine affiliate of the Company, entered into the MOA with Mit-Pacific, MIG and GT Capital. Under the MOA, MPHI has conditionally agreed to participate as an offeror alongside Mit-Pacific, MIG and GT Capital to make a tender offer to purchase the outstanding common shares of MPIC held by its minority public shareholders, representing approximately 36.7% of the outstanding common shares of MPIC (excluding MPIC common shares already held by the parties to the MOA and qualifying shares held by members of the board of directors of MPIC) (the “**Tender Offer**”).

If the Tender Offer contemplated by the MOA (taking into account effects of changes made to the allocation proportions of the parties, as set out in the amended MOA intended to be entered into on or around 8 August 2023) becomes unconditional on the basis that persons proposing to delisting MPIC having obtained 100% of the total outstanding common shares of MPIC, MPHI will acquire up to approximately 4.1% economic interest in MPIC.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As one or more of the applicable percentage ratios in respect of MPHI's participation in the Tender Offer contemplated by the MOA and the resulting acquisition of an additional up to approximately 4.1% economic interest in MPIC exceeds 5.0%, but all such applicable percentage ratios are less than 25%, the Proposed Transaction is a disclosable transaction under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements prescribed by Chapter 14 of the Listing Rules.

MIG is a close associate of Mr. Manuel V. Pangilinan ("**Mr. Pangilinan**"), the Managing Director and Chief Executive Officer of the Company, under the Listing Rules and, therefore, a connected person of the Company. The Proposed Transaction is therefore also a connected transaction for the Company under the Listing Rules, which is subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Independent Board Committee comprising all the independent non-executive Directors, namely Prof. Edward K.Y. Chen, *GBS, CBE, JP*, Mrs. Margaret Leung Ko May Yee, *SBS, JP*, Mr. Philip Fan Yan Hok, Ms. Madeleine Lee Suh Shin and Mr. Blair Chilton Pickerell, has been established to advise the Independent Shareholders in respect of the Proposed Transaction contemplated thereunder and as to how the Independent Shareholders should vote at the SGM. Somerley Capital Limited has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this respect.

We are not associated or connected with the Company, Mr. Pangilinan, MPHI (together with its subsidiaries, the "**MPHI Group**"), MPIC and its subsidiaries (the "**MPIC Group**") or their respective core connected persons or associates and, accordingly, are considered eligible to give independent advice on the Proposed Transaction. In the two years prior to this appointment, we have not had any other engagement with the Company or its associates except for having acted as the independent financial adviser to the Company relating to the renewal of the continuing connected transactions entered into between members of Indofood Group and associates of Mr. Salim, details of which were set out in the Company's announcement and circular dated 14 October 2022 and 24 November 2022 respectively. We do not consider our past engagement as independent financial adviser to the Company give rise to any conflict for Somerley Capital Limited to act as the independent financial adviser in respect of the Proposed Transaction. Apart from normal professional fees payable to us in connection with this appointment, no arrangement exists whereby we will receive any fees or benefits from the Company, Mr. Pangilinan, MPHI, the MPIC Group or their respective core connected persons or associates.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

In formulating our advice and recommendation, we have relied on the information and facts supplied, and the opinions expressed by the Directors and management of the Group (the “**Management**”), which we have assumed in relation to the facts to be true, accurate and complete in all material aspects and in relation to any opinions to be fairly expressed and not misleading, and that this will continue to be true, accurate and complete up to the date of the SGM. We have reviewed the published information on the Group, MPIC Group, including but not limited to, (i) annual reports of the Company for the years ended 31 December 2021 (the “**2021 Annual Report**”) and 31 December 2022 (the “**2022 Annual Report**”) (collectively, the “**Reports**”); (ii) annual reports of MPIC for each of the two years ended 31 December 2022 (individually, the “**2021 MPIC Annual Report**” and the “**2022 MPIC Annual Report**”, collectively, the “**MPIC Annual Reports**”); (iii) quarterly report of MPIC for the 3 months ended 31 March 2023 (the “**MPIC Q1 Report**”); (iv) announcements by MPIC; (v) the terms to the MOA; and (vi) other information contained in the Circular.

We have also sought and received confirmation from the Group that no material facts have been omitted from the information supplied to us by the Group and that the opinions expressed to us are not misleading in any material respect. We consider that the information we have received is sufficient for us to formulate our opinion and recommendation as set out in this letter and have no reason to believe that any material information has been omitted or withheld, nor to doubt the truth or accuracy of the information provided to us. We have not, however, conducted any independent investigation into the business and affairs of the Group, the MPHI Group or the MPIC Group, nor have we carried out any independent verification of the information supplied.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion and recommendation with regard to the Proposed Transaction, we have taken into account the following principal factors and reasons:

1. Information on the Group

1.1 Overview of the Group’s investment portfolio

The Company is a limited liability company incorporated in Bermuda and its shares have been listed on the Main Board of the Stock Exchange since September 1988.

The Company is a Hong Kong-based investment holding company for operations located principally in Indonesia and the Philippines. Its principal business interests relate to consumer food products, telecommunications, infrastructure and natural resources. Set out below are its principal investments, as at 31 December 2022:-

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Company	Principal business
Infrastructure, utilities and healthcare	
MPIC (PSE: MPI)	MPIC, the target of the Tender Offer, whose shares are listed on the PSE, in which the Company has economic interests of around 46.1% and 59.1% voting interest, is an infrastructure investment management company in the Philippines.
FPM Power	FPM Power Holdings Limited (“ FPM Power ”) controls PacificLight Power Pte. Ltd (“ PLP ”), which is the operator of one of Singapore’s most efficient gas-fired power plants, housing an 800-megawatt natural gas-fired combined cycle facility. The Company has a 68.7% economic interest in FPM Power, and 54.7% economic interest in PLP.
Consumer food products	
Indofood (IDX: INDF)	PT Indofood Sukses Makmur Tbk (“ Indofood ”) is a leading total food solutions company with operations in all stages of food manufacturing from the production of raw materials and their processing through to the manufacture of consumer food and beverage products and their distribution to the market. Indofood, in which the Company has a 50.1% economic interest, is based and listed in Indonesia.
FP Natural Resources	FP Natural Resources Limited (“ FP Natural Resources ”), together with its Philippine affiliate, First Agri Holdings Corporation, hold interests in Roxas Holdings, Inc. (“ RHI ”) (PSE: ROX). RHI, listed in the Philippines, is a sugar and bioethanol producer.
Telecommunications	
PLDT (PSE: TEL; The New York Stock Exchange: PHI)	PLDT Inc. (“ PLDT ”) offers a wide range of telecommunications services across the Philippines’ most extensive fiber optic backbone and fixed line, and mobile networks. The Company has a 25.6% economic interest in PLDT.
Natural resources	
Philex (PSE: PX)	Philex Mining Corporation (“ Philex ”), which is listed on the PSE, is engaged in the exploration and mining of mineral resources in the Philippines and holds a 30.4% interest in PXP Energy Corporation (“ PXP ”) (PSE: PXP), which is engaged in upstream 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 Company, holds an additional 15.0% and 6.7% economic interest in Philex and PXP, respectively.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Below is an analysis of results by individual company as extracted from the Reports:

For the year ended 31 December <i>US\$ millions</i>	Turnover			Contribution to Group profit ⁽ⁱ⁾		
	2022	2021	2020	2022	2021	2020
Indofood	7,429.8	6,925.9	5,583.1	265.8	237.0	194.4
PLDT ⁽ⁱⁱ⁾	–	–	–	133.7	139.1	134.9
MPIC	934.1	882.5	825.5	104.4	98.1	84.8
Philex ⁽ⁱⁱ⁾	–	–	–	13.4	19.3	8.0
FPM Power	1,747.6	1,194.5	571.0	82.4	21.8	(2.5)
FP Natural Resources	193.4	100.3	150.9	(6.4)	(8.9)	(9.9)
Contribution from operations⁽ⁱⁱⁱ⁾	10,304.9	9,103.2	7,130.5	593.3	506.4	409.7

Notes:

(i) *After taxation and non-controlling interests, where appropriate.*

(ii) *Associated companies.*

(iii) *Contribution from operations represents the recurring profit contributed to the Group by its operating companies.*

As at the Latest Practicable Date, the Company has an approximately 46.1% economic interest in MPIC. Based on the figures set out in the table above, MPIC has contributed (i) around 11.6%, 9.7% and 9.1% of the total turnover of the Group; and (ii) around 20.7%, 19.4% and 17.6% of the Group's profit contribution from operations, for the years ended 31 December 2020, 2021 and 2022, respectively.

MPHI is a Philippine affiliate of the Company, in respect of which the Company has a 100% economic interest. The principal activity of MPHI is investment holding company, currently holding an approximately 46.1% economic interest in MPIC. As at the Latest Practicable Date, MPIC is listed on the PSE with a market capitalization of approximately US\$2,518.6 million (equivalent to approximately HK\$19.6 billion). Based on the disclosures in the letter from the Board of the Circular, if the Tender Offer is accepted in full, MPHI will hold an approximate 50.2% economic interest in MPIC.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

1.2 Financial Information of the Group

(a) Historical financial performance of the Group

Set out below is certain key financial information on the Group as extracted from the consolidated income statements and accompanying notes prepared in accordance with the Hong Kong Financial Reporting Standards for the three financial years ended 31 December 2020 (“FY2020”), 2021 (“FY2021”) and 2022 (“FY2022”) (collectively, the “Period”), details of which are set out in the 2021 Annual Report and the 2022 Annual Report:

	For the year ended 31 December		
	2022 <i>(Audited)</i> <i>US\$ millions</i>	2021 <i>(Audited)</i> <i>US\$ millions</i>	2020 <i>(Audited)</i> <i>US\$ millions</i>
Turnover			
<i>Consumer food products</i>	7,623.2	7,026.2	5,734.0
<i>Telecommunications</i>	–	–	–
<i>Infrastructure</i>	2,681.7	2,077.0	1,396.5
<i>Natural resources</i>	–	–	–
	10,304.9	9,103.2	7,130.5
Cost of sales	(7,248.4)	(6,275.2)	(4,822.2)
Gross profit	3,056.5	2,828.0	2,308.3
Selling and distribution expenses	(723.2)	(704.5)	(619.0)
Administrative expenses	(565.4)	(698.6)	(604.9)
Other operating income and expenses	(239.5)	(274.3)	(50.5)
Interest income	62.5	43.5	68.8
Finance costs	(483.6)	(479.2)	(442.6)
Share of profits less losses of associated companies and joint ventures	265.6	373.9	280.0
Profit before taxation from continuing operations	1,372.9	1,088.8	940.1
Taxation	(323.3)	(281.9)	(341.6)

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

	For the year ended 31 December		
	2022	2021	2020
	<i>(Audited)</i>	<i>(Audited)</i>	<i>(Audited)</i>
	<i>US\$ millions</i>	<i>US\$ millions</i>	<i>US\$ millions</i>
Profit for the year from continuing operations	1,049.6	806.9	598.5
Profit for the year from a discontinued operation	–	88.8	69.1
	<hr/>	<hr/>	<hr/>
Profit for the year	1,049.6	895.7	667.6
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<i>Profit for the year attributable to:</i>			
– Owners of the Company	391.6	333.3	201.6
– Non-controlling interests	658.0	562.4	466.0
	<hr/>	<hr/>	<hr/>
	1,049.6	895.7	667.6
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Turnover

The Group's activities are divided into 4 principal business activities namely, (i) consumer food products; (ii) telecommunications; (iii) infrastructure; and (iv) natural resources. Revenue for the Period, however, was mainly attributable to the consumer food products business segment and the infrastructure business segment which, respectively, accounted for around 70% and around 30% of the total revenue of the Group for each of the three financial years ended 31 December 2022.

Turnover of the Group increased by around 27.7% in FY2021 mainly due to significantly higher revenue contribution from both Indofood and MPIC and in particular, contribution from Indofood. Turnover further increased by a further 13.2% in FY2022 mainly reflecting the increases in Indofood revenue (by 11.6% in rupiah terms), PLP's revenues (increased by 50.0% in S\$ terms) and MPIC revenues (increased by 16.8% in Peso terms), partially offset by the depreciation of local currencies against the US\$.

Gross profit

Gross profit for FY2021 increased by approximately 22.5% as compared to FY2020 mainly in line with the increase in turnover as described above and the incorporation of full year consolidated results of Pinehill Company Limited in the consolidated accounts of Indofood. Gross profit for FY2022 increased by a further 8.1%, largely in line with the improvement in turnover for the year.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Profit attributable to owners of the Company

Profit attributable to owners of the Company increased by around 65.3% in FY2021 mainly as a result of the significant increase in turnover as described above, as well as significant increases in the Group's share of profits from associated companies and joint ventures.

Profit attributable to owners of the Company increased by a further 17.5% in FY2022 mainly in line with the improvements in turnover.

(b) Financial position of the Group

Set out below is a summary of the consolidated statement of financial position of the Group as at 31 December 2022 and 31 December 2021 as extracted from the 2022 Annual Report:

	As at 31 December 2022 (Audited) US\$ millions	2021 (Audited) US\$ millions
Non-current assets		
Property, plant and equipment	3,758.6	3,953.0
Biological assets	20.5	23.0
Associated companies and joint ventures	5,316.2	5,266.2
Goodwill	3,893.1	4,299.0
Other intangible assets	6,033.7	6,040.6
Investment properties	17.6	11.1
Accounts receivable, other receivables and prepayments	89.2	55.5
Financial assets at fair value through other comprehensive income	527.0	361.1
Deferred tax assets	96.2	87.0
Other non-current assets	555.2	663.0
	20,307.3	20,759.5
Current assets		
Cash and cash equivalents and short-term deposits	2,620.6	3,209.3
Restricted cash	108.5	53.6
Financial assets at fair value through other comprehensive income	64.1	205.0
Accounts receivable, other receivables and prepayments	1,189.5	1,327.8
Inventories	1,136.8	950.1
Biological assets	48.9	61.4
	5,168.4	5,807.2
Assets classified as held for sale	16.1	–
	5,184.5	5,807.2
Total Assets	25,491.8	26,566.7

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	As at 31 December	
	2022	2021
	<i>(Audited)</i>	<i>(Audited)</i>
	<i>US\$ millions</i>	<i>US\$ millions</i>
Current liabilities		
Accounts payable, other payables and accruals	1,737.3	1,660.9
Short-term borrowings	1,824.3	1,645.7
Provision for taxation	134.5	147.9
Current portion of deferred liabilities, provisions and payables	412.5	1,170.3
	4,108.6	4,624.8
Net current assets	1,075.9	1,182.4
Total assets less current liabilities	21,383.2	21,941.9
Equity		
Equity attributable to owners of the parent	3,296.5	3,298.6
Non-controlling interests	7,069.3	7,314.5
	10,365.8	10,613.1
Non-current liabilities		
Long-term borrowings	9,398.0	9,482.7
Deferred liabilities, provisions and payables	1,216.7	1,469.3
Deferred tax liabilities	402.7	376.8
	11,017.4	11,328.8
Total equity and non-current liabilities	21,383.2	21,941.9

Total assets of the Group amounted to approximately US\$25,491.8 million (equivalent to approximately HK\$198.8 billion) as at 31 December 2022, which is comparable to the balance of US\$26,566.7 million (equivalent to approximately HK\$207.2 billion) as at 31 December 2021. We note the Group's total cash and cash equivalents and short-term deposits balance is approximately US\$2,620.6 million (equivalent to approximately HK\$20.4 billion) as at 31 December 2022, representing approximately 10.3% of its total assets and approximately 50.5% of the Group's total current assets balance as at 31 December 2022.

Total liabilities of the Group of approximately US\$15,126.0 million (equivalent to approximately HK\$118.0 billion) as at 31 December 2022, showed a slight decline from approximately US\$15,953.6 million (equivalent to approximately HK\$124.4 billion) as at 31 December 2021 which was mainly due to the decrease in current and non-current portions of deferred liabilities, provisions and payables.

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The Group's net current assets decreased by approximately 9.0% and the Group's consolidated gearing ratio increased to approximately 0.82 times as at 31 December 2022 from 0.74 times as at 31 December 2021.

As at 31 December 2022 and 31 December 2021, total equity attributable to owners of the Company was approximately US\$3,296.5 million (equivalent to approximately HK\$25.7 billion) and US\$3,298.6 million (equivalent to approximately HK\$25.7 billion), respectively. Based on the total number of issued Shares as at the Latest Practicable Date of 4,241,660,570, total equity attributable to owners of the Company per Share as at 31 December 2022 was approximately US\$0.78 (equivalent to approximately HK\$6.08).

2. Information on the MPIC Group

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, agriculture and real estate. MPIC's financial results are consolidated in the Group's financial statements.

As described in the MPIC Annual Reports, MPIC's principal investments can be summarised below:

Power ("Power Business")	MPIC holds 47.5% effective interests in Manila Electric Company ("Meralco"). Meralco is the largest electricity distributor in the Philippines, delivering electricity to users accounting for over half of the country's gross domestic product. Meralco is a company listed on the PSE.
Toll roads ("Toll Operations")	Metro Pacific Tollways Corporation ("MPTC"), a 99.9% subsidiary of MPIC, operates the North Luzon Expressway, the Manila-Cavitex Toll Expressway, the Subic Clark Tarlac Expressway, the Cebu-Cordova Link Expressway and the Cavite-Laguna Expressways in the Philippines and is a shareholder in PT Nusantara Infrastructure Tbk in Indonesia and CII Bridges and Roads Investment Joint Stock Company in Vietnam.
Water ("Water Operations")	Maynilad Water Holding Company, Inc. ("MWHC"), a subsidiary of MPIC and a joint venture between DMCI Holdings, Inc, and Marubeni Corporation, holdings controlling interests in Maynilad Water Services, Inc., which is the largest water utility in terms of number of customers in the Philippines, operating a concession for water distribution and sewerage and sanitation services for the West Zone of Metro Manila. MetroPac Water Investments Corporation is MPIC's investment vehicle for water investments outside Metro Manila.
Light rail	MPIC, through its subsidiary Metro Pacific Light Rail Corporation ("MPLRC") and together with MPLRC's subsidiary, Light Rail Manila Corporation ("LRMC"), operates the 20-station light rail line LRT-1 in Metro Manila.
Others	MPIC also has investments in the areas of healthcare, petroleum storage, agriculture and real estate.

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Based on the information provided in the MPIC Annual Reports, prior to the Deconsolidation (as defined below) in 2021, the largest contributors to the MPIC Group’s revenue from external sales were Power Business, Toll Operations and Water Operations prior to MPIC disposing of its interests in Global Business Power Corporation (“**GBPC**”), which is an independent power producer in Visayas with presence in Mindanao and Mindoro Islands and was an indirect subsidiary of MPIC, to Meralco PowerGen Corporation, a wholly-owned subsidiary of Meralco.

Prior to the Deconsolidation, the Power Business of MPIC comprised (i) consolidated results from the operations of GBPC; and (ii) MPIC’s investment in Meralco, which is accounted for under the equity method in the consolidated statements of comprehensive income of MPIC Group. Subsequent to the disposal of GBPC, results of GBPC were deconsolidated (the “**Deconsolidation**”) and since 31 March 2021, have become accounted for under the share in net earnings of equity method in the consolidated accounts of MPIC Group. We understand MPIC Group’s investment in Meralco is a significant part of the Power Business of MPIC Group.

2.1 Historical financial performance of the MPIC Group

Set out below are key financial information on the MPIC Group prepared in accordance with the Philippine Accounting Standards as extracted from the audited consolidated statements of comprehensive income for FY2020, FY2021, FY2022 and for the 3 months ended 31 March 2022 (“**1Q2022**”) and 2023 (“**1Q2023**”) as extracted from the MPIC Annual Reports and the MPIC Q1 Report respectively:

	For the 3 months ended		For the year ended 31 December		
	31 March		2022		
	2023	2022	2022	2021	2020
	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Audited)</i>	<i>(Audited)</i>	<i>(Audited)</i>
	<i>Pesos millions</i>	<i>Pesos millions</i>	<i>Pesos millions</i>	<i>Pesos millions</i>	<i>Pesos millions</i>
Continuing Operations					
Operating Revenue	14,142	11,132	50,882	43,561	40,855
Cost of sales and services	(5,516)	(4,692)	(19,818)	(18,594)	(17,269)
Gross profit	8,626	6,440	31,064	24,967	23,586
General and administrative expenses	(2,665)	(2,272)	(11,732)	(10,417)	(9,589)
Interest expense	(3,169)	(2,322)	(10,306)	(9,230)	(10,010)
Share in net earnings of equity method investees	3,851	2,603	14,210	10,302	7,337
Interest income	496	171	1,134	745	1,229
Construction revenue	6,470	7,871	35,441	27,014	33,988
Construction costs	(6,470)	(7,871)	(35,441)	(27,014)	(33,988)
Provision for decline in value of assets	–	–	(9,485)	(9,089)	(1,685)
Others	678	3,022	2,056	(92)	(323)

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	For the 3 months ended		For the year ended 31 December		
	31 March		2022	2021	2020
	2023	2022	2022	2021	2020
	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Audited)</i>	<i>(Audited)</i>	<i>(Audited)</i>
	<i>Pesos millions</i>	<i>Pesos millions</i>	<i>Pesos millions</i>	<i>Pesos millions</i>	<i>Pesos millions</i>
Income before income tax from continuing operations	7,817	7,642	16,941	7,186	10,545
Provision for income tax	<u>(1,371)</u>	<u>(1,063)</u>	<u>(3,804)</u>	<u>(1,259)</u>	<u>(3,728)</u>
Net income from continuing operations	<u>6,446</u>	<u>6,579</u>	<u>13,137</u>	<u>5,927</u>	<u>6,817</u>
Operations of Entities under PFRS 5					
Result of operations	-	-	-	1,167	3,430
Gain on deconsolidation	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,575</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,742</u>	<u>3,430</u>
Net income	<u>6,446</u>	<u>6,579</u>	<u>13,137</u>	<u>11,669</u>	<u>10,247</u>
Net income attributable to:					
<i>Owners of the parent company</i>	4,997	5,678	10,495	10,119	4,748
<i>Non-controlling interests</i>	<u>1,449</u>	<u>901</u>	<u>2,642</u>	<u>1,550</u>	<u>5,499</u>
Total	<u>6,446</u>	<u>6,579</u>	<u>13,137</u>	<u>11,669</u>	<u>10,247</u>

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Operating Revenues

As shown above, total revenue of the MPIC Group has been consistently strong and on an upward trend throughout the Period.

Based on the 2022 MPIC Annual Report, the largest two revenue contributing segments have been the Toll Operations and Water Operations of MPIC, contributing to approximately 44.9% and 48.8% respectively (or collectively, over 90%), of the MPIC Group's total consolidated revenue from external sales in FY2022, and approximately 40.1% and 54.6% respectively (or collectively, over 90%) of total consolidated revenue in FY2021.

Total revenue of MPIC grew in FY2021 by approximately 6.6% to approximately Pesos 43.6 billion (equivalent to approximately US\$784.2 million or HK\$6.1 billion) due to significant increases in revenue from its Toll Operations due to a substantial improvement in traffic volume under more relaxed quarantine measures in the Philippines.

Total revenue of MPIC grew by a further approximately 16.8% in FY2022 mainly due to significant increases in revenue from Toll Operations as a result of resumption of normal business activities after the pandemic.

Furthermore, based on the MPIC Q1 Report, improvement in revenue of around 27.0% from approximately Pesos 11.1 billion in 1Q2022 to approximately Pesos 14.1 billion in 1Q2023 was noted. Such increment was also primarily driven by the increase in revenue from Toll Operations by approximately Pesos 1.5 billion to approximately Pesos 6.4 billion in 1Q2023 and increase in revenue of Water Operations by approximately Pesos 1.0 billion to approximately Pesos 6.7 billion in 1Q2023.

Gross profit

Gross profit for FY2021 increased by approximately 5.9% mainly in line with the increase in revenue and higher gross profit margin from the Toll Operations. Gross profit for FY2022 increased by a further 24.4% to approximately Pesos 31.1 billion (equivalent to approximately US\$559.4 million or HK\$4.4 billion) mainly a result of further increases in revenue and higher gross profit margin from Toll Operations and Water Operations.

Gross profit for 1Q2023 increased by around 33.9% which was in line with the increase in revenue. Such improvement was mainly due to the reduction in amortization of service concession assets for the period with a drop from approximately Pesos 1.6 billion in 1Q2022 to approximately Pesos 1.2 billion in 1Q2023.

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Share in net earnings of equity method

The share in net earnings of equity method investees pertains to the MPIC's investments in associates and joint ventures, and was mainly attributable to, amongst others, contributions from Meralco. MPIC's effective share in the net income of Meralco amounted to Pesos 7.0 billion (equivalent to approximately US\$125.9 million or HK\$982.0 million), Pesos 10.0 billion (equivalent to approximately US\$179.9 million or HK\$1.4 billion) and Pesos 13.3 billion (equivalent to approximately US\$239.2 million or HK\$1.9 billion) for FY2020, FY2021 and FY2022 respectively. MPIC's effective share in the net income of Meralco has consistently been almost the same as (if not greater than) the net income attributable to owners of the parent entity of MPIC for each of FY2020, FY2021 and FY2022.

Share in net earnings of equity method investees increased by around 47.9% to Pesos 3.9 billion in 1Q2023, mainly driven by the growth in contributions from the Power Business during the period.

Net income from continuing operations

Net income from continuing operations for FY2021 decreased by approximately 13.1% as compared to FY2020. This was mainly because of the increases (i) in operating revenue as discussed above; and (ii) in share in net earnings of equity method investees by approximately 40.4% which was attributable by the solid financial performance from the MPIC's Power Business investments, offset by an increase in provision for decline in value of assets in relation to an impairment loss relating to MPIC's investment in MetroPac Logistics Company, Inc ("MPLC"), an 100% owned subsidiary of MPIC to reflect changes in MPLC's business structure.

Net income from continuing operations in FY2022 increased by approximately 121.6% which was due to (i) increase in revenue as discussed above; and (ii) further improvements in the Power Business.

Based on the MPIC Q1 Report, despite the increase in total revenue in 1Q2023 as discussed above, net income in 1Q2023 of approximately Pesos 6.4 billion remained comparable to that of 1Q2022 of approximately Pesos 6.6 billion, mainly attributable to the absence of a gain on reversal of impairments of approximately Pesos 2.2 billion in 1Q2022.

Net income attributable to owners of the parent company

Net income for the year attributable to owners of the parent company in FY2021 increased by approximately 113.1% mainly because of the gain on sale of investments in Don Muang Tollway Public Ltd and GBPC during the first quarter of 2021 and outstanding operational results of Meralco and MPTC. Net income attributable to owners of the parent company for FY2022 further improved by approximately 3.7% mainly because of the improved operating results of MPTC and higher share in earnings of Meralco, partly offset by lower gains on assets sale.

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Net income attributable to owners of the parent entity in 1Q2023 declined by around 12.0% to approximately Pesos 5.0 billion mainly due to the absence of the gains from the consolidation resulting from the acquisition of Landco Pacific Corporation in the corresponding period in 2022.

Dividend paid for the year

Total dividend of approximately Pesos 3,278 million (equivalent to approximately US\$59.0 million or HK\$459.9 million) was paid in FY2022, similar to that of approximately Pesos 3,392 million (equivalent to approximately US\$61.0 million or HK\$475.9 million) in FY2021 and approximately Pesos 3,487 million (equivalent to approximately US\$62.7 million or HK\$489.2 million) in FY2020.

MPIC declared a final cash dividend of Pesos 0.076 (equivalent to approximately US\$0.0014 or HK\$0.0107) per share in March 2023 and together with the interim dividend of Pesos 0.0345 (equivalent to approximately US\$0.0006 or HK\$0.0048) per share, total dividends for 2022 was Pesos 0.1105 per share (equivalent to approximately US\$0.0020 or HK\$0.0155). This was the same as the total dividend declared in FY2020 and FY2021, which was Pesos 0.1105 (equivalent to approximately US\$0.0020 or HK\$0.0155).

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2.2 Financial position of the MPIC Group

Set out below is a summary of the consolidated statements of financial position of the MPIC Group as at 31 December 2021, 31 December 2022 and 31 March 2023 as extracted from the MPIC Annual Reports and the MPIC Q1 Report:-

	As at 31 March 2023 (Unaudited) Pesos millions	As at 31 December 2022 (Audited) Pesos millions	2021 (Audited) Pesos millions
Current Assets			
Cash and cash equivalents	30,458	33,595	44,858
Short-term placements	7,568	8,827	4,712
Restricted cash	3,807	4,767	1,975
Receivables	14,643	9,195	8,272
Other current assets	12,871	12,540	12,595
	69,347	68,924	72,412
Non-current assets			
Investments and advances	194,650	196,323	169,681
Service concession assets	339,259	331,693	300,063
Property, plant and equipment	6,974	6,904	6,763
Goodwill	15,254	15,241	15,241
Intangible assets	418	377	337
Deferred tax assets, net	846	769	602
Other non-current assets	24,192	23,565	19,235
	581,593	574,872	511,922
 Total assets	650,940	643,796	584,334

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	As at 31 March 2023 <i>(Unaudited)</i> <i>Pesos millions</i>	As at 31 December 2022 <i>(Audited)</i> <i>Pesos millions</i>	2021 <i>(Audited)</i> <i>Pesos millions</i>
Current liabilities			
Accounts payable and other current liabilities	48,138	44,784	36,704
Income tax payable	2,442	1,283	949
Due to related parties	74	83	101
Short-term and current portion of long-term debt	21,785	20,842	11,649
Current portion of:			
<i>Provisions</i>	8,010	8,337	7,951
<i>Service concession fees payable</i>	1,204	1,289	1,098
	81,653	76,618	58,452
Non-current liabilities			
Non-current portion of:			
<i>Provisions</i>	2,421	3,030	3,538
<i>Service concession fees payable</i>	28,636	28,453	30,198
<i>Long-term debt</i>	270,287	271,625	234,693
Deferred tax liabilities	10,189	9,898	9,882
Other long-term liabilities, net	9,673	9,131	10,706
	321,206	322,137	289,017
Total liabilities	402,859	398,755	347,469
Equity			
Owners of the Parent Company:			
<i>Capital stock</i>	31,661	31,661	31,661
<i>Additional paid-in capital</i>	68,638	68,638	68,638
<i>Treasury Shares</i>	(10,703)	(10,703)	(5,705)
<i>Equity reserves</i>	(1,201)	(1,377)	(1,352)
<i>Retained Earnings</i>	108,538	105,692	98,475
<i>Other comprehensive income reserve</i>	6,390	6,177	1,587
	203,323	200,088	193,304
Total equity attributable to owners of the parent company	203,323	200,088	193,304
Non-controlling interest	44,758	44,953	43,561
	248,081	245,041	236,865
Total equity	248,081	245,041	236,865
Total liabilities and equity	650,940	643,796	584,334

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As shown above, as at 31 December 2022, current assets were mainly comprised of cash and cash equivalents, representing approximately 50% of the total current assets. Total current assets declined in 2022 mainly as a result of decrease in cash and cash equivalents held. Total current assets as at 31 March 2023 remained comparable to the position as at 31 December 2022 with an increment in receivables of approximately Pesos 5,448 million (equivalent to approximately US\$98.0 million or HK\$764.3 million) to approximately Pesos 14,643 million (equivalent to approximately US\$263.4 million or HK\$2.1 billion) as at 31 March 2023, partially offset by a drop in cash and cash equivalents by approximately Pesos 3,137 million (equivalent to approximately US\$56.4 million or HK\$440.1 million) to approximately Pesos 30,458 million (equivalent to approximately US\$547.8 million or HK\$4.3 billion) as at 31 March 2023.

Non-current assets of MPIC Group were mainly comprised of investments and advances and service concession assets. Total non-current assets as at 31 December 2022 increased by approximately 12.3% mainly due to increases in both investments and advances and service concession assets. As disclosed in the MPIC Annual Reports, the increase in investments and advances were mainly due to increase in carrying value for Meralco from approximately Pesos 133,755 million (equivalent to approximately US\$2,405.7 million or HK\$18.8 billion) as at 31 December 2021 to approximately Pesos 148,451 million (equivalent to approximately US\$2,670.0 million or HK\$20.8 billion) as at 31 December 2022. The increase service concession assets was mainly related to increase in value of concession assets held by the Water Operations and Toll Operations of the MPIC Group. Total non-current assets as at 31 March 2023 remained comparable to the position as at 31 December 2022 with a slight increment of approximately Pesos 6,721 million primarily attributable to the increase in value of service concession assets held by the Water Operations and Toll Operations of the MPIC Group.

Total liabilities of the MPIC Group as at 31 December 2022 were approximately Pesos 398,755 million (equivalent to approximately US\$7,171.9 million or HK\$55.9 billion), which represented an increase of approximately 14.8% as compared to approximately Pesos 347,469 million (equivalent to approximately US\$6,249.4 million or HK\$48.7 billion) as at 31 December 2021. Such balance as at 31 March 2023 remained similar to the position as at 31 December 2022 with a slight increment of around 1.0% to approximately Pesos 402,859 million (equivalent to approximately US\$7,245.7 million or HK\$56.5 billion) as at 31 March 2023.

As at 31 December 2022, current liabilities of the MPIC Group were approximately Pesos 76,618 million (equivalent to approximately US\$1,378.0 million or HK\$10.7 billion), comprising mainly accounts payable and other current liabilities and short-term and current portion of long-term debt, represented an increase of approximately 31.1% as compared to the balance as at 31 December 2021. Current liabilities further increased by around 6.6% to approximately Pesos 81,653 million (equivalent to approximately US\$1,468.6 million or HK\$11.5 billion) as at 31 March 2023. Such increment was primarily due to the increase in dividend payable of approximately Pesos 3,878 million (equivalent to approximately US\$69.7 million or HK\$544.0 million) as at 31 March 2023.

Non-current liabilities of the MPIC Group as at 31 December 2022 were mainly related to MPIC Group's long-term debt, and showed an increase by approximately 11.5% as compared to that as at 31 December 2021. The balance as at 31 March 2023 of approximately Pesos 321,206 million (equivalent to approximately US\$5,777.1 million or HK\$45.1 billion) was comparable to the balance as at 31 December 2022.

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Total equity attributable to owners of the parent company increased by around 3.5% to approximately Pesos 200,088 million (equivalent to approximately US\$3,598.7 million or HK\$28.1 billion) as at 31 December 2022, mainly due to earnings generated in 2022 net of dividend payment. Total equity attributable to owners of the parent company increased by around 1.6% to approximately Pesos 203,323 million (equivalent to approximately US\$3,656.9 million or HK\$28.5 billion) as at 31 March 2023 mainly attributable to the increase in non-current service concession assets and accounts payable and other current liabilities for the reasons mentioned above.

Based on the 28,695,934,752 of MPIC common Shares outstanding as at the Latest Practicable Date, total equity attributable to owners of the parent company per MPIC common share (the “NAV per MPIC Share”) as at 31 December 2022 was approximately Pesos 6.97 (equivalent to approximately US\$0.1254 or HK\$0.9778), and approximately Pesos 7.09 (equivalent to approximately US\$0.128 or HK\$0.995) as at 31 March 2023.

3. Reasons for and benefits of the Proposed Transaction

As stated in the letter from the Board in the Circular, successful completion of the Proposed Transaction will enable the Group to eliminate the listing of a subsidiary holding company. This will also simplify both the structure of the Group and compliance with listing and disclosure requirements for the Company and MPIC. There will be opportunity to better align strategy and operational initiatives which is expected to result in more efficient utilisation of resources between the Group and MPIC resulting in a more efficient and cost-effective group structure. The Proposed Transaction also introduces a strategic partner, Mitsui, bringing potential growth and expansion opportunities to MPIC through its operational expertise in various sectors. Upon completion and successful delisting of MPIC, MPIC intends to continue its business particularly of owning and managing its portfolio of investments, as well as investing in other sectors of the economy, in the Philippines and other parts of South East Asia.

As discussed in the section headed “2. Information on the MPIC Group” above, total revenue of the MPIC Group has been consistently strong and on an upward trend with growing profitability for each of FY2020, FY2021 and FY2022 respectively. We further discussed with the Management and noted that, upon MPIC becoming an unlisted private subsidiary, both the Company and MPHI would hold a more efficient control over business initiatives with simplified compliance and disclosure requirements for MPIC. Upon completion of the Tender Offer, the Company, through MPHI, is expected to hold an increased economic interest of up to approximately 50.2% in MPIC and would remain as the single largest shareholder of MPIC. Pursuant to the Shareholders’ Agreement to be entered into by MPHI, Mit-Pacific, MIG and GT Capital following MPIC’s delisting, MPHI will retain the right to appoint a majority of the directors of MPIC.

In view of the above, we concur with the Directors’ view that the Proposed Transaction and the Tender Offer would promote future business growth and are therefore in the interests of the Company and its Shareholders.

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4. Principal terms of the MOA and the Shareholders' Agreement

Under the MOA, MPHI has conditionally agreed to participate as an offeror alongside Mit-Pacific, MIG and GT Capital to make a tender offer to purchase the outstanding common shares of MPIC held by its minority public shareholders, excluding MPIC common shares already held by the parties to the MOA and qualifying shares held by members of the board of directors of MPIC.

Tender Offer Price

The Revised Tender Offer Price agreed to be paid to the minority public shareholders of MPIC under the tender offer is Pesos 5.20 per MPIC common share (equivalent to approximately US\$0.09 or HK\$0.73 per MPIC common share), which was revised and increased from Pesos 4.63 (equivalent to approximately US\$0.08 or HK\$0.65) per MPIC common share, as announced in the supplementary announcement published on 4 July 2023. The Revised Tender Offer Price, which takes into consideration the Philippine regulatory requirements, has been set with a view to increase the chance of satisfying the acceptance conditions under the Tender Offer. The Revised Tender Offer Price is regarded by the bidders as the best and final price and represents a premium of 37% over the 12-months volume-weighted average trading price of MPIC on the PSE as of 26 April 2023, the date on which the original MOA was entered into. The bidders stated in the tender offer notice that they believe that the tender offer and voluntary delisting of MPIC will allow existing shareholders to realise their investment in cash at a considerable premium to the current trading price of the common shares. The bidders also stated in the updated tender offer notice that assuming the Tender Offer is launched immediately after the special stockholders' meeting of MPIC, MPIC Shareholders who participate in the Tender Offer and tender their Tender Offer Shares will continue to be entitled to interim dividends that MPIC may declare after the announcement of its first half 2023 results.

Conditions Precedent

The Tender Offer will be conditional on sufficient acceptances being received as will permit the voluntary delisting of MPIC from the PSE following completion of the Tender Offer. If the minimum acceptance threshold condition (if persons proposing to delisting MPIC having obtained total of at least 95% of the total outstanding common shares of MPIC) is not fulfilled and the PSE does not permit voluntary delisting at a lower acceptance threshold, no MPIC common shares would be accepted for purchase under the Tender Offer. MPHI's participation in the Tender Offer is conditional on Independent Shareholders' approval of the Proposed Transaction as a connected transaction under Chapter 14A of the Listing Rules.

The MOA provides that, in addition to the Tender Offer being conditional on the minimum acceptance threshold described above (or the PSE permitting delisting at a lower acceptance threshold), the Tender Offer will be conditional on confirmation by the Philippine Competition Commission that the Proposed Transaction is not subject to compulsory notification under the Philippine Competition Act, acceptances under the Tender Offer being valid and legally compliant, compliance with any other applicable legal and regulatory requirements, including Independent Shareholders' approval and such other terms and conditions as may be mutually agreed upon by the parties to the MOA.

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As stated in the letter from the Board in the Circular, the Tender Offer period has commenced on 9 August 2023 following MPIC's shareholders' approval of delisting and will end on 7 September 2023. Based on the current deal timetable, it is expected that PSE will approve MPIC's delisting on or around 2 October 2023. The conditions required for the PSE to approve MPIC's delisting are: (a) approval by at least two-thirds of the entire membership of the MPIC board of directors, including majority, but not less than two, of all independent directors; (b) approval by MPIC's shareholders representing at least two-thirds of the total outstanding listed shares of MPIC (and the number of votes cast against the delisting is not more than 10% of the total outstanding listed shares of MPIC); (c) the persons proposing to delisting MPIC must have obtained a total of at least 95% of the total outstanding listed shares of MPIC (with PSE having the discretion to accept a lower level which it deems sufficient for a delisting); and (d) payment of delisting fee and other outstanding PSE fees.

Consideration payable by MPHI and allocation of MPIC common shares

The MOA provides that each offeror shall be individually and separately responsible for financing its respective purchase of tender offer shares allocated to it under the MOA. The allocation of MPHI is a maximum of 1.18 billion MPIC common shares, representing approximately 4.1% of the outstanding common shares of MPIC. Based on the Revised Tender Offer Price, the aggregate maximum amount of consideration payable by MPHI would, therefore, be approximately Pesos 6.12 billion (equivalent to approximately US\$110 million or HK\$858 million, the "**Consideration**") (on the basis that persons proposing to delisting MPIC having obtained 100% of the total outstanding shares of MPIC), which would be satisfied from the internal financial resources of the Group and paid in full in cash on the settlement date prescribed by the terms of the Tender Offer, which is expected to be within 10 business days after the end of the Tender Offer period. Based on the disclosures in the Letter from the Board of the Circular and our understanding, MPHI's allocation (and the aggregate amount of consideration payable by MPHI) would be scaled back, on a pro-rata basis, if the PSE permits the voluntary delisting of MPIC at a level of acceptances received under the tender offer of MPIC common shares representing less than 31.7% of the outstanding common shares of MPIC in aggregate (equivalent to a delisting threshold of 95% of the outstanding common shares to be held by the parties to the MOA on completion of the Tender Offer).

The MOA provides that the allocation, on the basis that persons proposing to delisting MPIC having obtained 100% of the total outstanding common shares of MPIC, of Mit-Pacific under the Tender Offer is 5.53 billion MPIC shares, representing approximately 19.3% of the outstanding common shares of MPIC; the allocations of MIG and GT Capital are 3.0 billion MPIC common shares (representing approximately 10.4% of the outstanding common shares of MPIC) and 0.84 billion MPIC common shares (representing approximately 2.9% of the outstanding common shares of MPIC), respectively. As stated in the paragraph above, the allocations would each be scaled back, on a pro-rata basis, if the PSE permits the voluntary delisting of MPIC at a level of acceptances under the tender offer of MPIC common shares representing less than 31.7% of the outstanding common shares of MPIC in aggregate. Please refer to the tables set out under the section headed "Entry into of MOA" in the letter from the Board in the Circular showing the approximate figures of shareholding of MPIC held by each of the parties to the MOA before and after the completion of the Tender Offer under different scenarios.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

We understand from our discussions with the Management and MPIC that the allocation basis for the shares acquired under the Tender Offer was determined after arm's length negotiation with reference to the business strategy and objectives of each party to the MOA, as MPIC is already a subsidiary of the Group and represents a substantial commitment by the Group, MPHI did not consider it necessary to increase its interest in MPIC very significantly as long as the benefits of delisting as described above are achieved. This also left room for Mitsui to participate in the Tender Offer at its targeted level, which is expected to bring commercial benefits to MPIC.

The Shareholders' Agreement

As disclosed in the letter from the Board of the Circular, if the Tender Offer becomes unconditional and the delisting of MPIC's common shares from the PSE is approved by the requisite resolutions of MPIC's board of directors and shareholders, a Shareholders' Agreement will be entered into by MPHI, Mit-Pacific, MIG and GT Capital in relation to the operation and management of MPIC following its delisting.

Pursuant to the Shareholders' Agreement, among other things, after completion of the Tender Offer, the board of MPIC shall be composed of 15 members; with MPHI having the right to appoint 8 directors; whilst GT Capital and Mit-Pacific having the right to appoint 2 directors each. The remaining 3 directors shall be independent directors of the board. Board matters will be delegated to board committees including Audit Committee, Risk Management Committee, Governance and Sustainability Committee, Compensation Committee, Nomination Committee, Data Privacy and Information Security Committee and Finance Committee. Detailed terms of the Shareholders' Agreement are set out in the section headed "Shareholders' Agreement and post delisting" in the letter from the Board of the Circular.

The Shareholders' Agreement also provides that, under certain conditions, Mit-Pacific shall have the opportunity to exchange all or part of its investment in MPIC into shares in one of MPIC's key subsidiaries and/or operating companies, subject to agreement among the shareholders together with MPIC. As disclosed in the letter from the Board in the Circular, the Company confirms that there is nothing definitive at this time that offers Mit-Pacific an option to acquire any such shares in MPIC's key subsidiaries and/or operating companies, in the context of Chapters 14 and 14A of the Listing Rules. It is further confirmed in the letter from the Board in the Circular that if the parties do enter into definitive agreements which give Mit-Pacific an option to exchange its investment in MPIC into shares of any MPIC's key subsidiaries and/or operating companies, the Company will comply with applicable disclosure or approval requirements under the Listing Rules as appropriate. As such, Shareholders will have the opportunity, as and when appropriate and according to the applicable requirements of the Listing Rules, to consider the merits of such transaction(s) when they materialise.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

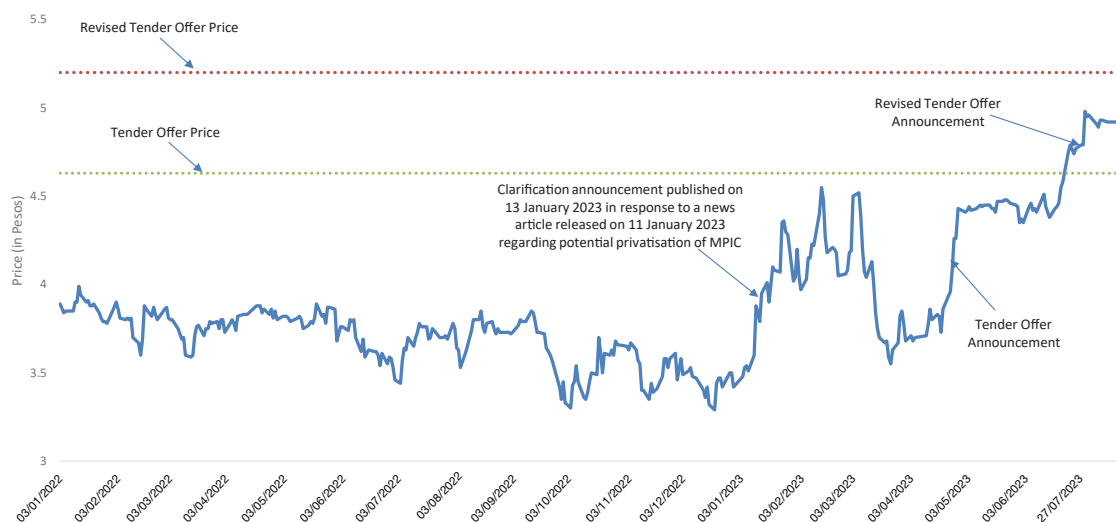
We note that pursuant to the Shareholders' Agreement to be entered into by MPHI, Mit-Pacific, MIG and GT Capital following MPIC's delisting, MPHI will retain the right to appoint a majority of the directors of MPIC. We have also noted from the Shareholders' Agreement that there is a limited number of key corporate acts of the MPIC Group ("**reserved matters**") requiring an affirmative vote of the majority of the board of directors of MPIC, including at least one director of MPIC being appointed by each of MPHI, Mit-Pacific, MIG and GT Capital, as well as certain customary provisions relating to, among others, restrictions on share transfers, including rights of first offer and tag along rights (subject to permitted transfers to affiliates free of such rights), restrictions on the creation of encumbrances over MPIC common shares, provisions regulating related party transactions and provisions for the resolution of deadlock in relation to reserved matters. We note that the aforesaid rights and restrictions relating to the reserved matters are not unique to MIG, but are also applicable to Mit-Pacific and GT Capital being the independent investors and shareholders of MPIC.

5. Evaluation of the Revised Tender Offer Price and the Consideration

5.1 Historical trading performance of MPIC common shares on the PSE

As disclosed in the letter from the Board of the Circular, the Revised Tender Offer Price was determined after arms' length negotiation among the bidders and considering the trading price of MPIC's common shares ("**MPIC Share(s)**") on the PSE.

Set out below is the movement of the closing prices of the MPIC Shares during the period from 3 January 2022 to the Latest Practicable Date (the "**Review Period**"). The Review Period, which covers a period of more than 12 months, is considered to represent a sufficient period of time to provide a general overview on the recent market performance of the MPIC Shares for the purpose of this analysis:



Source: Bloomberg and PSE website

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The closing prices of the MPIC Shares ranged from Pesos 3.29 to Pesos 4.98 per MPIC Share during the Review Period, with an average closing price of Pesos 3.89. The Revised Tender Offer Price represents a premium of around 4.42% over the highest closing price and around 33.68% over the average closing price during the Review Period.

As shown in the chart above, trading in MPIC Shares showed an overall downward trend during 2022. Closing price per MPIC Share decreased gradually from Pesos 3.99 on 13 January 2022 to its trough during the Review Period of Pesos 3.29 on 20 December 2022, however, it started to lead an upward trend in early January 2023. MPIC Share closing price then gradually increased to approximately Pesos 3.84 on 11 January 2023 and further to approximately Pesos 3.95 on 13 January 2023. In this regard, we note that on 13 January 2023, MPIC published a clarification announcement in response to a news article on 11 January 2023 regarding a potential delisting of MPIC. Following the publication of this announcement, MPIC Shares continued to rally, reaching a high of Pesos 4.36 on 25 January 2023 and further to Pesos 4.55 on 14 February 2023. Since then, MPIC Share closing price has shown a decreasing trend and stabilised at price levels just below Pesos 4.0 each until 24 April 2023. However, the MPIC Share closing price increased significantly again to Pesos 4.26 on 26 April 2023 immediately before the publication of the Tender Offer announcement dated 26 April 2023 (the “**Tender Offer Announcement**”) by MPIC after trading hours.

Following the publication of the Tender Offer Announcement, MPIC Share closing price continued to rally and reached a high of Pesos 4.79 on 27 June 2023 and also on 3 July 2023, before the publication of the Revised Tender Offer Price announcement by MPIC on the same day after trading hours (the “**Revised Tender Offer Announcement**”). MPIC Share closing price surged to Pesos 4.98 each on 5 July 2023, being the first trading day immediately after the publication of the Revised Tender Offer Announcement. Since then, the MPIC Share closing price fluctuated within a tight range between Pesos 4.88 and Pesos 4.96 each and was Pesos 4.88 each on the Latest Practicable Date.

The Revised Tender Offer Price of Pesos 5.2 (equivalent to approximately US\$0.09 or HK\$0.73) per MPIC Share as quoted on the PSE on the Latest Practicable Date;

- (i) a premium of approximately 6.56% over the closing price of Pesos 4.88 per MPIC Share as quoted on the PSE on the Latest Practicable Date;
- (ii) a premium of approximately 22.07% over the closing price of Pesos 4.26 per MPIC Share as quoted on the PSE on last trading day immediately prior to the publication of the Tender Offer Announcement (“**Last Trading Day**”);
- (iii) a premium of approximately 30.65% over the average closing price of Pesos 3.98 per MPIC Share based on the daily closing prices as quoted on the PSE over the 5 trading days up to the Last Trading Day;
- (iv) a premium of approximately 36.48% over the average closing price of Pesos 3.81 per MPIC Share based on the daily closing prices as quoted on the PSE over the 30 trading days up to the Last Trading Day;

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- (v) a premium of approximately 38.67% over the average closing price of Pesos 3.75 per MPIC Share based on the daily closing prices as quoted on the PSE over the 180 trading days up to the Last Trading Day;
- (vi) a discount of approximately 25.39% to the audited consolidated NAV per MPIC Share of approximately Pesos 6.97 (equivalent to approximately US\$0.125 or HK\$0.978) as at 31 December 2022 (based on the audited consolidated net asset value attributable to shareholders of approximately Pesos 200.1 billion as at 31 December 2022 and 28,695,934,752 MPIC Shares outstanding as at the Latest Practicable Date);
- (vii) a discount of approximately 26.66% to the unaudited consolidated NAV per MPIC Share of approximately Pesos 7.09 (equivalent to approximately US\$0.128 or HK\$0.995) as at 31 March 2023 (based on the unaudited consolidated net asset value attributable to shareholders of approximately Pesos 203.3 billion as at 31 March 2023 and 28,695,934,752 MPIC Shares outstanding as at the Latest Practicable Date); and
- (viii) as discussed in detail in the section headed “5.2 Comparable analysis” below, a discount of around 36.9% to the NAV of MPIC as at 31 March 2023 per MPIC Share after considering the fair value of MPIC’s investment in Meralco based on Meralco’s latest market capitalization as at the Latest Practicable Date.

The objective of the Tender Offer is to delist MPIC with the benefits set out in the section headed “3. Reasons for and benefits of the Proposed Transaction” above. We consider that a premium over market is necessary to achieve the needed level of acceptance and in our view, the Revised Tender Offer Price is fair and reasonable based on the results of the comparable analysis as discussed below. Shareholders should note that the Revised Tender Offer Price is at a discount to the NAV per MPIC Share as at both 31 December 2022 and 31 March 2023.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

5.2 *Comparable analysis*

In evaluating the fairness and reasonableness of the Revised Tender Offer Price, we have conducted comparable companies' analysis.

As discussed in the section headed "2. Information on the MPIC Group" above, MPIC is one of the largest infrastructure investment management and holding companies in the Philippines, with investments in electricity distributor, toll road operator, water distributor and other operations. As reported in the 2022 MPIC Annual Report, the largest two revenue contributing segments have been the Toll Operations and Water Operations of MPIC, contributing over 90% of the MPIC Group's total consolidated revenue from external sales in FY2022 and FY2021, respectively. Also as discussed under the same section above, though the Power Business is carried out by the Group through its investment in Meralco and Meralco is accounted for using equity method of accounting in the consolidated accounts of the MPIC Group, we consider it would be unrepresentative to disregard the significance of the Power Business to the overall business of MPIC because: (1) the Company's effective share in the net income of Meralco has been roughly equivalent to, if not exceeding, the net income attributable to owners of the parent entity of MPIC for the past three years; and (2) MPIC Group also plays a key role in the day to day management of Meralco's business. For instance, Mr. Pangilinan, who is the chairman of the board of directors, the President and the Chief Executive Officer of MPIC is also the chairman of the board of directors and the Chief Executive Officer of Meralco. As such, in identifying comparable companies, we have considered companies: (i) with shares listing on the stock exchanges of Philippine or Indonesia; and (ii) which are profit-making in their respective latest financial year and are primarily engaged in businesses of power, water and/or toll road operations similar to those of the MPIC Group. We have, on a best effort basis, identified 19 companies ("**Comparable Companies**") which represents an exhaustive list of listed companies we were able to identify satisfying the aforesaid selection criteria. Further, we consider the use of price-to-earnings ratio ("**P/E Ratio**") and price-to-book ratio ("**P/B Ratio**") to be suitable valuation methodologies as they are common financial analysis tools used to evaluate companies with a proven track record and substantial asset base.

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Set out in the table below are the details of the Comparable Companies and their respective P/E Ratios and P/B Ratios:

Company name	Stock code	Market capitalisation <i>US\$ millions</i> <i>(Note 1)</i>	Profit attributable to owners of the company <i>US\$ millions</i> <i>(Note 2)</i>	Net asset value attributable to owners of the company <i>US\$ millions</i> <i>(Note 2)</i>	P/E Ratio <i>times</i> <i>(Note 2)</i>	P/B Ratio <i>times</i> <i>(Note 2)</i>
Power						
Aboitiz Equity Ventures Inc.	PSE: AEV	5,620	447	4,588	12.57	1.22
Aboitiz Power Corporation	PSE: AP	4,870	495	2,867	9.84	1.70
ACEN Corporation	PSE: ACEN	3,961	235	2,051	16.86	1.93
Alsons Consolidated Resources, Inc.	PSE: ACR	85	11	228	7.73	0.37
First Gen Corporation	PSE: FGEN	1,333	261	2,545	5.11	0.52
First Philippine Holdings Corporation	PSE: FPH	510	228	2,479	2.24	0.21
Jollville Holdings Corporation	PSE: JOH	19	3	46	6.33	0.41
Lopez Holdings Corporation	PSE: LPZ	351	98	1,455	3.58	0.24
Manila Electric Company (Meralco) <i>(Note 3)</i>	PSE: MER	6,690	511	1,897	13.09	3.53
PetroEnergy Resources Corp	PSE: PERC	47	10	133	4.70	0.35
PT Cikarang Listrindo Tbk	IDX: POWR	788	73	734	10.79	1.07
PT Kencana Energi Lestari Tbk	IDX: KEEN	197	13	159	15.15	1.24
PT Pertamina Geothermal Energy Tbk	IDX: PGEO	2,180	127	1,883	17.17	1.16
RASLAG Corp	PSE: ASLAG	38	3	40	12.67	0.95
SPC Power Corporation	PSE: SPC	231	23	189	10.04	1.22
Vivant Corporation	PSE: VVT	329	29	307	11.34	1.07
Toll						
PT Citra Marga Nusaphala Persada Tbk	IDX: CMNP	620	61	713	10.16	0.87
PT Jasa Marga (Persero) Tbk	IDX: JSMR	1,814	183	1,489	9.91	1.22
Water						
Manila Water Company, Inc.	PSE: MWC	1,011	107	1,306	9.45	0.77
			Maximum		17.17	3.53
			Minimum		2.24	0.21
			Average		9.93	1.06
MPIC (based on the Revised Tender Offer Price)		2,684	189	3,657	14.20	0.73

Source: Bloomberg and the stock exchanges of Philippine and Indonesia

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Notes:

- 1. The market capitalisation of the Comparable Companies is based on their respective closing price per share and total outstanding shares as at the Latest Practicable Date rounded to the nearest million.*
- 2. P/E Ratio and P/B Ratio of the Comparable Companies are calculated based on the respective profit attributable to owners of the company (rounded to the nearest million) and net asset value attributable to owners of the company (rounded to the nearest million) of the relevant Comparable Companies as published in their respective latest financial reports and the respective market capitalisation as at the Latest Practicable Date.*
- 3. The market capitalisation of Meralco is based on its closing price per share on the Last Trading Day, which we consider is the undisturbed share price prior to the publication of the announcement in relation to the Tender Offer.*

As shown in the table above, the P/E Ratios of the Comparable Companies range from around 2.24 times to 17.17 times with an average of around 9.93 times. The P/E Ratio of the MPIC Group as implied by the Revised Tender Offer Price of around 14.20 times is towards the upper end but within the range of the P/E Ratios of the Comparable Companies.

Shareholders should note that the Revised Tender Offer Price have been set with a view to delisting of MPIC and considering the benefits set out in the section headed “3. Reasons for and benefits of the Proposed Transaction”, this requires a premium over market whereas the analysis of Comparable Companies is based on the market price without the premium element required to delist.

The P/B Ratios of the Comparable Companies ranged from around 0.21 times to 3.53 times with an average of around 1.06 times. The P/B Ratio of the MPIC Group as implied by the Revised Tender Offer Price of around 0.73 times is below the average P/B Ratio of the Comparable Companies which is considered favourable to the Group.

Shareholders should also note that the P/B Ratio represented by the Revised Tender Offer Price is based on the unaudited consolidated NAV of approximately Pesos 203.3 billion as at 31 March 2023 in which the investment in Meralco has been accounted for at its carrying value of approximately Pesos 146.4 billion as at 31 March 2023 according to the accounting policies of the MPIC Group. Meralco is a company listed on the PSE with a market capitalization of around Pesos 396.7 billion as at the Latest Practicable Date. If the fair value of investment in 47.5% interests in Meralco based on its latest market capitalisation of around Pesos 188.4 billion is taken into consideration, the NAV of MPIC would be adjusted upward to around Pesos 245.3 billion. Accordingly, the Revised Tender Offer Price would represent a higher discount of around 39.2% to the NAV of MPIC as at 31 March 2023 per MPIC Share with a lower P/B Ratio of around 0.61 times.

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Having taken the above factors into account, we consider the Revised Tender Offer Price fair and reasonable given that: (i) the objective of the Tender Offer is to delist MPIC with the benefits as discussed in detail in the section headed “3. Reasons for and benefits of the Proposed Transaction” and therefore, a premium over market is necessary to achieve the needed level of acceptance; (ii) the Revised Tender Offer Price represents a P/E Ratio and a P/B Ratio that are broadly in line with those of the Comparable Companies; and (iii) the Revised Tender Offer Price represents a discount of (a) approximately 25.39% to the audited consolidated NAV per MPIC Share of approximately Pesos 6.97 (equivalent to approximately US\$0.125 or HK\$0.978) as at 31 December 2022; and (b) approximately 26.66% to the unaudited consolidated NAV per MPIC Share of approximately Pesos 7.09 (equivalent to approximately US\$0.128 or HK\$0.995) as at 31 March 2023.

6. Financial effects of the Proposed Transaction on the Group

Earnings

Following completion of the Proposed Transaction, the MPIC Group will remain a subsidiary of the Group and the revenue and expenses of MPIC Group will continue to be consolidated in the financial results of the Group. According to the Company, save for the transaction expenses, no other material impact on the profit and loss of the Group would be expected immediately upon completion of the Proposed Transaction. In subsequent periods, in view of the track record of profitability of the MPIC Group and the increased economic interests in MPHI held by the Group following completion of the Proposed Transaction, it is expected that the Proposed Transaction will contribute positively to the earnings of the Group.

Assets and liabilities

Following completion of the Proposed Transaction, the MPIC Group will remain as a subsidiary of the Group and the assets and liabilities of MPHI Group will continue to be consolidated in the financial statements of the Group.

As the consideration payable by MPHI for the Tender Offer would be satisfied by the Group’s internal resources, upon completion of the Tender Offer, total assets of the Group would decrease by the amount of the consideration, being up to approximately US\$110 million (equivalent to approximately Pesos 6.1 billion or HK\$858 million). The net asset value attributable to owners of the parent of the Company would increase slightly as a result of the increase in reserves given the Revised Tender Offer Price being at a discount to the carrying cost of MPIC in the accounts of the Group.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Working capital and gearing

The Proposed Transaction will be funded by the Company's internal resources. Given that the Group had net current assets of approximately US\$1,075.9 million (equivalent to approximately Pesos 59.8 billion or HK\$8.4 billion) as at 31 December 2022, payment of US\$110 million (equivalent to approximately Pesos 6.1 billion or HK\$858 million) for the Proposed Transaction will not, in our opinion, have a material impact on the Group's liquidity and working capital position. The gearing of the Group, as represented by net debt divided by total equity, is expected to increase from approximately 0.82 times as at 31 December 2022 to approximately 0.84 times, which we do not consider a material increase.

Based on the above, we are of the view that the Proposed Transaction is not expected to have any material adverse effect on the Group's net assets, earnings and working capital immediately upon its completion.

It should be noted that the aforementioned analyses are for illustrative purpose only and may not represent the financial position/results of the Group upon completion of the Proposed Transaction.

OPINION AND RECOMMENDATION

Taking into account the principal factors and reasons discussed above and in particular the following:

- (i) as reviewed and noted under the sections headed "1. Information on the Group" and "2. Information on the MPIC Group", the MPIC Group has shown solid financial performance over the previous three financial years and has been a key contributor to the turnover and profitability of the Group as a whole;
- (ii) as discussed under the section headed "3. Reasons for and benefits of the Proposed Transaction", the Tender Offer, if completed, would involve the delisting of MPIC from PSE and would have the benefit of simplifying the compliance and administrative process associated with a public company. In addition, it would allow the Group, as the single largest shareholder with majority representation on the MPIC board, to better align the Group's strategy and operational initiatives which is expected to result in more efficient utilisation of resources between the Group and MPIC;
- (iii) the Revised Tender Offer Price, despite being at a premium to market, is at a discount to the unaudited consolidated NAV per MPIC Share as at 31 March 2023 of approximately Pesos 7.09 (equivalent to approximately US\$0.128 or HK\$0.995) and represents a P/E Ratio that is in line with those of the Comparable Companies as detailed in the section headed "5. Evaluation of the Revised Tender Offer Price and the Consideration";

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- (iv) the Proposed Transaction is a connected transaction for the Company requiring independent shareholders' consent because of the participation of MIG which is controlled by Mr. Pangilinan. In this connection, we note that MIG is raising its own funding for the Tender Offer without any assistance from the Company and that the Tender Offer procedures apply to all the offerors equally. We consider these arrangements are appropriate in the context of a connected transaction; and
- (v) the Proposed Transaction is not expected to have any material adverse financial impact on the Group as described in the section above headed "6. Financial effects of the Proposed Transaction on the Group",

we consider that the Proposed Transaction, although not within the ordinary and usual course of business of the Group, is on normal commercial terms which are fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole.

Accordingly, we advise the Independent Board Committee to recommend, and we ourselves recommend, that the Independent Shareholders should vote in favour of the ordinary resolution to be proposed at the SGM. Mr. Pangilinan, who held approximately 1.66% of the issued share capital of the Company as at the Latest Practicable Date, is required to abstain from voting on the resolution. All other Shareholders are eligible to cast their votes on the resolution. We note that Mr. Anthoni Salim and companies controlled by him, which are beneficially interested in approximately 45.39% of the Company's issued share capital as at the Latest Practicable Date, have undertaken to vote in favour of the resolution.

Yours faithfully,
for and on behalf of
SOMERLEY CAPITAL LIMITED

Lyan Tam
Director

Ms. Lyan Tam is a licensed person registered with the Securities and Futures Commission as a responsible officer of Somerley to carry out Type 6 (advising on corporate finance) regulated activities under the SFO and has over 20 years of experience in the corporate finance industry.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

(a) Directors' and chief executive's interests and short positions in the securities of the Company and its associated corporations

As at the Latest Practicable Date, the interests or short positions of each Director and chief executive of the Company in the shares, debentures or underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) (a) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he or she was taken or deemed to have under such provisions of the SFO); or (b) which were required, pursuant to section 352 of the SFO, to be entered in the register maintained by the Company referred to therein; or (c) which were otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as adopted by the Company (the "Model Code") were as follows:

(I) Long positions in securities of the Company

Name	Ordinary shares	Approximate percentage of issued share capital (%)	Ordinary share options
Anthoni Salim	1,925,474,957 ^{(C)(i)}	45.39	–
Manuel V. Pangilinan	70,493,078 ^{(P)(ii)}	1.66	–
Christopher H. Young	8,385,189 ^(P)	0.20	–
Benny S. Santoso	478,500 ^{(P)(iii)}	0.01	5,742,000
Prof. Edward K.Y. Chen, GBS, CBE, JP	3,903,559 ^{(P)(iv)}	0.09	–
Margaret Leung Ko May Yee, SBS, JP	3,045,652 ^{(P)(v)}	0.07	–
Philip Fan Yan Hok	10,547,152 ^{(P)(vi)}	0.25	1,914,000
Madeleine Lee Suh Shin	1,557,000 ^{(P)(vii)}	0.04	3,828,000
Blair Chilton Pickerell	1,276,000 ^{(P)(viii)}	0.03	1,276,000

(C) = Corporate interest, (P) = Personal interest

- (i) Anthoni Salim indirectly owns 100% of First Pacific Investments (B.V.I.) Limited, his indirect interests in First Pacific Investments (B.V.I.) Limited are held through Salerni International Limited (a company of which Anthoni Salim directly holds 100% of the issued share capital). First Pacific Investments (B.V.I.) Limited and Salerni International Limited are interested in 633,186,599 shares and 502,058,994 shares respectively in the Company. Anthoni Salim also owns 83.84% of First Pacific Investments Limited which, in turn, is interested in 790,229,364 shares in the Company. Of this, 4.04% is held by Anthoni Salim directly, 20.19% by Salerni International Limited and 59.61% by Asian Capital Finance Limited (a company in which Anthoni Salim owns 100% share interests). The remaining 16.16% interest in First Pacific Investments Limited is owned as to 12.12% by the late Sutanto Djuhar and 4.04% by Tedy Djuhar (both are former Non-executive Directors of the Company).
- (ii) It included Mr. Pangilinan's interests in 29,033,817 shares transferred to certain family trusts.
- (iii) It included Mr. Santoso's interests in 319,000 awarded shares granted pursuant to the Company's Share Award Scheme as adopted by the Board on 19 March 2013 (the "**Share Award Scheme**") which remain unvested.
- (iv) It included Prof. Chen's interests in 638,000 awarded shares granted pursuant to the Share Award Scheme which remain unvested.
- (v) It included Mrs. Leung's interests in 638,000 awarded shares granted pursuant to the Share Award Scheme which remain unvested.
- (vi) It included Mr. Fan's interests in 319,000 awarded shares granted pursuant to the Share Award Scheme which remain unvested.
- (vii) It included Ms. Lee's interests in 638,000 awarded shares granted pursuant to the Share Award Scheme which remain unvested.
- (viii) It included Mr. Pickerell's interests in 319,000 awarded shares granted pursuant to the Share Award Scheme which remain unvested.

(II) Long positions in securities of associated corporations of the Company

- Manuel V. Pangilinan owned (a) 31,622,404 common shares^(P) (0.10%)* in MPIC; (b) 296,494 common shares^(P) (0.14%)* in PLDT Inc. (“**PLDT**”) as beneficial owner and a further 15,417 common shares (less than 0.01%)* in PLDT as nominee; (c) 4,655,000 common shares^(P) (0.08%)* in Philex Mining Corporation; (d) 1,603,465 common shares^(P) (0.08%)* in PXP Energy Corporation; (e) 55,000 common shares^(P) (less than 0.01%)* in Manila Electric Company; (f) 61,547 common shares^(P) (less than 0.01%)* in Roxas Holdings, Inc. (“**RHI**”); as well as (g) US\$1,000,000 of bonds due 2027 issued by FPC Resources Limited, which is a wholly-owned subsidiary of the Company.
- Christopher H. Young owned (a) 54,313 common shares^(P) (0.02%)* in PLDT; and (b) 61,547 common shares^(P) (less than 0.01%)* in RHI.
- Anthoni Salim owned (a) 1,329,770 ordinary shares^(P) (0.02%)* in PT Indofood Sukses Makmur Tbk (“**Indofood**”) and an indirect interest of 4,396,103,450 Indofood shares^(C) (50.07%)* through the Company’s group companies; (b) an indirect interest of 2,007,788 shares^(C) (0.14%)* in Indofood Agri Resources Ltd. (“**IndoAgri**”) through his controlled corporations other than the Company and an indirect interest of 1,172,377,430 IndoAgri shares^(C) (83.99%)* through the Company’s group companies; and (c) an indirect interest of 20,483,364 shares^(C) (0.13%)* in PT Salim Ivomas Pratama Tbk (“**SIMP**”) through his controlled corporations other than the Company and an indirect interest of 12,471,746,400 SIMP shares^(C) (78.85%)* through the Company’s group companies.

(P) = Personal interest, (C) = Corporate interest

* Approximate percentage of the issued capital of the respective class of shares in the respective associated corporations as at the Latest Practicable Date.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and chief executive of the Company had any interests or short positions in respect of shares, underlying shares, debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) (a) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he or she was taken or deemed to have under such provisions of the SFO); or (b) which were required, pursuant to section 352 of the SFO, to be entered in the register maintained by the Company referred to therein; or (c) which were otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

(b) Directors of the Company who are directors or employees of companies having an interest or short position in the securities of the Company

As at the Latest Practicable Date, the following Directors were also directors or employees of a company which had an interest or short position in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Name of Director	Name of Company and Position
Anthoni Salim	Director of Salerni International Limited Director of First Pacific Investments Limited Director of First Pacific Investments (B.V.I.) Limited
Benny S. Santoso	Director of Salerni International Limited Director of First Pacific Investments Limited Director of First Pacific Investments (B.V.I.) Limited
Axton Salim	Director of First Pacific Investments Limited

Save as disclosed above, so far as was known to the Directors, as at the Latest Practicable Date, none of the Directors was a director or employee of a company which had an interest or short position in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

3. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group which was not expiring or determinable by the employer within one year without payment of compensation, other than statutory compensation.

4. COMPETING INTERESTS

As at the Latest Practicable Date, so far as the Directors were aware, none of the Directors and their respective close associates had any interest in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group (as would be required to be disclosed under Rule 8.10 of the Listing Rules as if each of them was a controlling shareholder).

5. MATERIAL INTERESTS IN CONTRACT OR ARRANGEMENT

In addition to the MOA disclosed in the letter from the Board, the following are the continuing connected transactions entered into between associates of Mr. Anthoni Salim (“**Mr. Salim**”) and members of the Group, which have previously been announced by the Company in accordance with the Listing Rules:

A. Transactions relating to the Plantations Business of the Indofood Group

Parties to the agreement/arrangement		Nature of agreement/arrangement	Period covered by the agreement/arrangement		Annual cap for the year ending 31 December 2023 (US\$ millions)
Name of entity of the group	Name of connected party and relationship between the parties		From	To	
SIMP and its subsidiaries	PT Sarana Tempa Perkasa (“STP”), an associate of Mr. Salim	STP provides pumping services to SIMP and its subsidiaries to load crude palm oil and other derivative products to vessels.	1 January 2023	31 December 2025	1.0
SIMP and its subsidiaries	PT Cipta Subur Nusa Jaya (“CSNJ”), an associate of Mr. Salim	SIMP and its subsidiaries rent infrastructure from CSNJ, and vice-versa.	1 January 2023	31 December 2025	0.1
SIMP and its subsidiaries	PT Rimba Mutiara Kusuma (“RMK”), an associate of Mr. Salim	SIMP and its subsidiaries lease heavy equipment and buy building materials and rent office space, trucks and tug boats from RMK; use transportation services from RMK; and purchase road reinforcement services from RMK.	1 January 2023	31 December 2025	2.1
SIMP and its subsidiaries	IndoInternational Green Energy Resources Pte. Ltd. and its subsidiaries (“IGER Group”), an associate of Mr. Salim	SIMP and its subsidiaries provide operational services; sell seedlings, fertilizer products and lease office space to the IGER Group. SIMP and its subsidiaries also buy prefabricated housing materials and palm oil and its derivatives from the IGER Group.	1 January 2023	31 December 2025	98.9
Indofood and its subsidiaries	PT Indomobil Sukses Internasional Tbk (“Indomobil”) and its subsidiaries, an associate of Mr. Salim	Indomobil and its subsidiaries sell/rent vehicles, sell spare parts and provide vehicle services to Indofood and its subsidiaries.	1 January 2023	31 December 2025	9.4
SIMP	Shanghai Resources International Trading Co. Ltd. (“Shanghai Resources”), an associate of Mr. Salim	SIMP sells palm oil and its derivative products to Shanghai Resources.	1 January 2023	31 December 2025	137.8

Parties to the agreement/arrangement		Nature of agreement/arrangement	Period covered by the agreement/arrangement		Annual cap for the year ending 31 December 2023 (US\$ millions)
Name of entity of the group	Name of connected party and relationship between the parties		From	To	
SIMP	PT Nippon Indosari Corpindo Tbk (“NIC”), an associate of Mr. Salim	SIMP sells margarine to NIC.	1 January 2023	31 December 2025	3.4
Indofood	PT Lajuperdana Indah (“LPI”), an associate of Mr. Salim	Indofood grants an exclusive license of its “Indosugar” trademark relating to sugar to LPI.	1 January 2023	31 December 2025	0.7
PT Inti Abadi Kemasindo (“IAK”)	LPI, an associate of Mr. Salim	IAK sells packaging materials to LPI.	1 January 2023	31 December 2025	0.7
SIMP and its subsidiaries	PT Indomarco Prismatama (“Indomaret”) and its affiliates (including PT Inti Cakrawala Citra (“Indogrosir”) and PT Lion Superinodo (“LS”)) (“Indomaret Group”), an associate of Mr. Salim	SIMP and its subsidiaries sell cooking oil and margarine to Indomaret Group.	1 January 2023	31 December 2025	214.8
SIMP and its subsidiaries	PT IDmarco Perkasa Indonesia (“IDP”), an associate of Mr. Salim	SIMP and its subsidiaries sell cooking oil and margarine to IDP.	1 January 2023	31 December 2025	0.2
Aggregated amount:					469.1

B. Transactions relating to the Distribution Business of the Indofood Group

Parties to the agreement/arrangement		Nature of agreement/arrangement	Period covered by the agreement/arrangement		Annual cap for the year ending 31 December 2023 (US\$ millions)
Name of entity of the group	Name of connected party and relationship between the parties		From	To	
PT Indomarco Adi Prima ("IAP")	Indomaret Group, an associate of Mr. Salim	IAP sells noodles, seasoning, sauce, snack, milk, baby food, special food, flour, cooking oil, margarine and other third-party products; distributes various consumer products to Indomaret Group.	1 January 2023	31 December 2025	536.4
IAP	PT Fast Food Indonesia Tbk ("FFI"), an associate of Mr. Salim	IAP sells chili and tomato sauces, seasonings and dairy products to FFI.	1 January 2023	31 December 2025	2.8
PT Putri Daya Usahatama ("PDU")	Indomaret Group, an associate of Mr. Salim	PDU sells noodles, seasoning, sauce, snack, milk, baby food, special food, flour, cooking oil, margarine and other third-party products; distributes various consumer products to Indomaret Group.	1 January 2023	31 December 2025	22.1
Indofood and its subsidiaries	Indomobil and its subsidiaries, an associate of Mr. Salim	Indomobil and its subsidiaries sell/rent vehicles, sell spare parts and provide vehicle services to Indofood and its subsidiaries.	1 January 2023	31 December 2025	5.8
Indofood and its subsidiaries	PT Sumberdaya Dian Mandiri ("SDM") and its subsidiaries (including PT Primajasa Tunas Mandiri ("PTM")) ("SDM Group"), an associate of Mr. Salim	Indofood and its subsidiaries use human resources outsourcing services from SDM Group.	1 January 2023	31 December 2025	41.7
IAP	Indomaret Group, an associate of Mr. Salim	Indomaret Group rents warehouses/building space from IAP.	1 January 2023	31 December 2025	1.1
IAP	PT Indolife Pensiontama, an associate of Mr. Salim	IAP's pension plan assets are managed by PT Indolife Pensiontama.	1 January 2023	31 December 2025	0.3
IAP	LPI, an associate of Mr. Salim	IAP buys sugar from LPI.	1 January 2023	31 December 2025	11.0
IAP	IDP, an associate of Mr. Salim	IAP sells noodles, seasoning, sauce, snack, milk, baby food, special food, flour, cooking oil, margarine and other third-party products to IDP. IAP pays commission fee to IDP.	1 January 2023	31 December 2025	4.4
Aggregated amount:					625.6

C. Transactions relating to the Flour Business of the Indofood Group

Parties to the agreement/arrangement		Nature of agreement/arrangement	Period covered by the agreement/arrangement		Annual cap for the year ending 31 December 2023 (US\$ millions)
Name of entity of the group	Name of connected party and relationship between the parties		From	To	
Bogasari	NIC, an associate of Mr. Salim	Bogasari sells flour to NIC.	1 January 2023	31 December 2025	46.9
Bogasari	FFI, an associate of Mr. Salim	Bogasari sells flour and spaghetti to FFI.	1 January 2023	31 December 2025	1.1
Indofood and its subsidiaries	PT Indotek Konsultan Utama (“IKU”), an associate of Mr. Salim	IKU provides consulting services to Indofood and its subsidiaries.	1 January 2023	31 December 2025	0.5
Indofood and its subsidiaries	Indomobil and its subsidiaries, an associate of Mr. Salim	Indomobil and its subsidiaries sell/rent vehicles, sell spare parts and provide vehicle services to Indofood and its subsidiaries.	1 January 2023	31 December 2025	39.2
Indofood and its subsidiaries	SDM Group, an associate of Mr. Salim	Indofood and its subsidiaries use human resources outsourcing services from SDM Group.	1 January 2023	31 December 2025	10.6
Bogasari	Indomaret Group, an associate of Mr. Salim	Bogasari sells flour products to Indomaret Group.	1 January 2023	31 December 2025	33.1
Indofood and its subsidiaries	Interflour Group Pte. Ltd. and its subsidiaries (including Eastern Pearl Flour Mills) (“Interflour Group”), an associate of Mr. Salim	Eastern Pearl Flour Mills provides manufacturing services to Indofood and its subsidiaries. Indofood and its subsidiaries sell flour products to Interflour Group.	1 January 2023	31 December 2025	3.0
Indofood and its subsidiaries	IDP, an associate of Mr. Salim	Indofood and its subsidiaries sell flour products to IDP.	1 January 2023	31 December 2025	2.5
Bogasari	PT Tarumatex, an associate of Mr. Salim	Bogasari rents warehouse from PT Tarumatex.	1 January 2023	31 December 2025	0.1
Aggregated amount:					137.0

D. Transactions relating to the Noodles Business of the Indofood Group

Parties to the agreement/arrangement		Nature of agreement/arrangement	Period covered by the agreement/arrangement		Annual cap for the year ending 31 December 2023 (US\$ millions)
Name of entity of the group	Name of connected party and relationship between the parties		From	To	
Indofood/PT Indofood CBP Sukses Makmur Tbk (“ICBP”)	Salim Wazaran Group Limited (“SAWAZ”) and/or Golden Coast Group Limited, an associate of Mr. Salim	Indofood/ICBP: (1) grants a non-exclusive licence in respect of the “Indomie” trademark in certain countries in the Middle East and Africa; (2) provides technical services in connection with instant noodle manufacturing operations in certain countries in the Middle East and Africa; and (3) sells and supplies ingredients, noodle seasonings and packaging used for instant noodle products to SAWAZ and/or Golden Coast Group Limited.	1 January 2023	31 December 2025	32.2
ICBP	Indomobil and its subsidiaries, an associate of Mr. Salim	Indomobil and its subsidiaries sell/rent vehicles, sell spare parts and provide vehicle services to ICBP.	1 January 2023	31 December 2025	2.6
ICBP	Shanghai Resources, an associate of Mr. Salim	ICBP sells noodles products to Shanghai Resources.	1 January 2023	31 December 2025	12.6
Aggregated amount:					47.4

E. Transactions relating to the Insurance Policies of the Indofood Group

Parties to the agreement/arrangement		Nature of agreement/arrangement	Period covered by the agreement/arrangement		Annual cap for the year ending 31 December 2023 (US\$ millions)
Name of entity of the group	Name of connected party and relationship between the parties		From	To	
Indofood and its subsidiaries	PT Asuransi Central, Asia (“ACA”), an associate of Mr. Salim	ACA provides vehicle, property and other assets insurance services to Indofood and its subsidiaries.	1 January 2023	31 December 2025	10.9
Indofood and its subsidiaries	PT A. J. Central Asia Raya (“CAR”), an associate of Mr. Salim	CAR provides insurance services for personal accident and health to Indofood and its subsidiaries.	1 January 2023	31 December 2025	4.7
Indofood and its subsidiaries	PT Indosurance Broker Utama (“IBU”), an associate of Mr. Salim	IBU provides insurance services to Indofood and its subsidiaries.	1 January 2023	31 December 2025	2.3
Aggregated amount:					17.9

F. Transactions relating to the Beverages Business of the Indofood Group

Parties to the agreement/arrangement		Nature of agreement/arrangement	Period covered by the agreement/arrangement		Annual cap for the year ending 31 December 2023 (US\$ millions)
Name of entity of the group	Name of connected party and relationship between the parties		From	To	
PT Anugerah Indofood Barokah Makmur (“AIBM”)	SDM Group, an associate of Mr. Salim	AIBM uses human resources outsourcing services from SDM Group.	1 January 2023	31 December 2025	1.8
AIBM	Indomobil and its subsidiaries, an associate of Mr. Salim	Indomobil and its subsidiaries sell/rent vehicles, sell spare parts and provide vehicle services to AIBM.	1 January 2023	31 December 2025	1.6
Aggregated amount:					3.4

G. Transactions relating to the Dairy Business of the Indofood Group

Parties to the agreement/arrangement		Nature of agreement/arrangement	Period covered by the agreement/arrangement		Annual cap for the year ending 31 December 2023 (US\$ millions)
Name of entity of the group	Name of connected party and relationship between the parties		From	To	
PT Indolakto (“Indolakto”)	Indomobil and its subsidiaries, an associate of Mr. Salim	Indomobil and its subsidiaries sell and rent vehicles, provide vehicle services and sell spare parts to Indolakto.	1 January 2023	31 December 2025	3.5
Indolakto	SDM, an associate of Mr. Salim	Indolakto uses human resources outsourcing services from SDM.	1 January 2023	31 December 2025	1.4
Indolakto	Indomaret Group, an associate of Mr. Salim	Indolakto sells finished goods to Indomaret Group.	1 January 2023	31 December 2025	1.8
Indolakto	NIC, an associate of Mr. Salim	Indolakto sells finished goods to NIC.	1 January 2023	31 December 2025	0.8
Indolakto	IKU, an associate of Mr. Salim	IKU provides consulting services to Indolakto.	1 January 2023	31 December 2025	0.1
Aggregated amount:					7.6

H. Transactions relating to the Revolving Loan Facility of the Indofood Group

Parties to the agreement/arrangement		Nature of agreement/arrangement	Period covered by the agreement/arrangement		Annual cap for the year ending 31 December 2023 (US\$ millions)
Name of entity of the group	Name of connected party and relationship between the parties		From	To	
SIMP	IGER Group, an associate of Mr. Salim	SIMP provides a revolving loan facility to IGER Group.	1 January 2023	31 December 2025	40.0
Aggregated amount:					40.0

I. Transactions relating to the Customer Relationship Management of the Indofood Group

Parties to the agreement/arrangement		Nature of agreement/arrangement	Period covered by the agreement/arrangement		Annual cap for the year ending 31 December 2023 (US\$ millions)
Name of entity of the group	Name of connected party and relationship between the parties		From	To	
Indofood and its subsidiaries	PT Transcosmos Indonesia, an associate of Mr. Salim	PT Transcosmos Indonesia provides call center services to Indofood and its subsidiaries.	1 January 2023	31 December 2025	0.7
Indofood and its subsidiaries	PT Data Arts Xperience, an associate of Mr. Salim	Indofood and its subsidiaries use digital media buying services from PT Data Arts Xperience.	1 January 2023	31 December 2025	1.1
Indofood and its subsidiaries	PT PopBox Asia Services (“PopBox Asia”), an associate of Mr. Salim	Indofood and its subsidiaries brand on PopBox Asia’s lockers.	1 January 2023	31 December 2025	0.3
Aggregated amount:					2.1

J. Transactions relating to the Packaging Business of the Indofood Group

Parties to the agreement/arrangement		Nature of agreement/arrangement	Period covered by the agreement/arrangement		Annual cap for the year ending 31 December 2023 (US\$ millions)
Name of entity of the group	Name of connected party and relationship between the parties		From	To	
ICBP	Indomobil and its subsidiaries, an associate of Mr. Salim	Indomobil and its subsidiaries sell/rent vehicles, sell spare parts and provide vehicle services to ICBP.	1 January 2023	31 December 2025	1.7
ICBP	SDM Group, an associate of Mr. Salim	ICBP uses human resources outsourcing services from SDM Group.	1 January 2023	31 December 2025	2.2
ICBP	NIC, an associate of Mr. Salim	ICBP sells packaging materials to NIC.	1 January 2023	31 December 2025	1.0
ICBP	Indomaret, an associate of Mr. Salim	ICBP sells packaging materials to Indomaret.	1 January 2023	31 December 2025	0.6
ICBP	LPI, an associate of Mr. Salim	ICBP sells packaging materials to LPI.	1 January 2023	31 December 2025	0.5
Aggregated amount:					6.0

K. Transactions relating to the Property Business of the Indofood Group

Parties to the agreement/arrangement		Nature of agreement/arrangement	Period covered by the agreement/arrangement		Annual cap for the year ending 31 December 2023 (US\$ millions)
Name of entity of the group	Name of connected party and relationship between the parties		From	To	
PT Aston Inti Makmur ("AIM")	Indomaret, an associate of Mr. Salim	Indomaret rents space from AIM.	1 January 2023	31 December 2025	0.1
AIM	IDP, an associate of Mr. Salim	IDP rents space from AIM.	1 January 2023	31 December 2025	0.1
AIM	PT Ciptabuana Sukses Lestari, an associate of Mr. Salim	PT Ciptabuana Sukses Lestari rents space from AIM.	1 January 2023	31 December 2025	0.4
AIM	Bank INA Perdana, an associate of Mr. Salim	Bank INA Perdana rents space from AIM.	1 January 2023	31 December 2025	0.8
Aggregated amount:					1.4

L. Transactions relating to the Snack Foods Business of the Indofood Group

Parties to the agreement/arrangement		Nature of agreement/arrangement	Period covered by the agreement/arrangement		Annual cap for the year ending 31 December 2023 (US\$ millions)
Name of entity of the group	Name of connected party and relationship between the parties		From	To	
ICBP	Indomobil and its subsidiaries, an associate of Mr. Salim	Indomobil and its subsidiaries sell/rent vehicles, sell spare parts and provide vehicle services to ICBP.	1 January 2023	31 December 2025	2.0
Aggregated amount:					2.0

M. Transactions relating to the Indofood Group's Distribution Business with Substantial Shareholders of Indofood's Subsidiaries

Parties to the agreement/arrangement		Nature of agreement/arrangement	Period covered by the agreement/arrangement		Annual cap for the year ending 31 December 2023 (US\$ millions)
Name of entity of the group	Name of connected party and relationship between the parties		From	To	
ICBP	Said Bawazir Trading Corp ("SBTC"), a substantial shareholder of a subsidiary of the Indofood Group	ICBP sells noodles products to SBTC as distributor.	1 January 2023	31 December 2025	367.8
ICBP	Tasali Jordan Trading Institute ("TJTI"), a substantial shareholder of a subsidiary of the Indofood Group	ICBP sells noodles products to TJTI as distributor.	1 January 2023	31 December 2025	55.0
Aggregated amount:					422.8

Save as disclosed in this circular, as at the Latest Practicable Date:

- (a) none of the Directors was materially interested in any contract or arrangement entered into by any member of the Group subsisting as at the Latest Practicable Date and which was significant in relation to the business of the Group; and
- (b) none of the Directors had any direct or indirect interest in any assets which had been, since 31 December 2022, being the date to which the latest published audited consolidated financial statements of the Group were made up, acquired or disposed of by or leased to any member of the Group, or which were proposed to be acquired, disposed of by or leased to any member of the Group.

6. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading positions of the Group since 31 December 2022, being the date to which the latest published audited consolidated financial statements of the Group were made up.

7. EXPERT QUALIFICATION AND CONSENT

The following is the qualification of the expert who has given its opinion or advice which is contained in this circular:

Name	Qualification
Somerley Capital Limited	a licensed corporation permitted to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO

As at the Latest Practicable Date, the Independent Financial Adviser:

- (a) did not have any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group;
- (b) did not have any direct or indirect interest in any assets which had been, since 31 December 2022, being the date to which the latest published audited consolidated financial statements of the Group were made up, acquired or disposed of by or leased to any member of the Group, or which were proposed to be acquired, disposed of by or leased to any member of the Group;
- (c) has given and had not withdrawn its written consent to the issue of this circular with the inclusion of and references to its name and letter in the form and context in which it appears.

The letter of advice given by the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders was made on 7 August 2023 for incorporation in this circular.

8. MISCELLANEOUS

The English text of this circular shall prevail over the Chinese text in the case of inconsistency.

9. DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the websites of the Company (www.firstpacific.com) and the Stock Exchange (www.hkexnews.hk) for a period of not less than 14 days before the date of the SGM:

- (a) the Memorandum of Agreement dated 26 April 2023;
- (b) the Amendment to the Memorandum of Agreement to be entered on or around 8 August 2023;
- (c) the letter from the Independent Board Committee to the Independent Shareholders dated 7 August 2023, the text of which is set out on pages 17 to 18 of this circular;
- (d) the letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders dated 7 August 2023, the text of which is set out on pages 19 to 49 of this circular;
- (e) the consent letter issued by the Independent Financial Adviser referred to in the paragraph headed “Expert Qualification and Consent” in this appendix; and
- (f) this circular.

NOTICE OF SGM



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)

NOTICE IS HEREBY GIVEN that a special general meeting (the “**SGM**”) of First Pacific Company Limited (the “**Company**”) will be held as a virtual meeting using electronic system, organized at the Company’s principal office in Hong Kong on Thursday, 24 August 2023 at 11:00 a.m. for the purpose of considering and, if thought fit, passing, with or without modifications, the following resolution as an ordinary resolution of the Company:

ORDINARY RESOLUTION

“THAT

- (a) the proposed participation by Metro Pacific Holdings, Inc. (“**MPHI**”), a Philippine affiliate of the Company, as an offeror in respect of the proposed tender offer (the “**Tender Offer**”) to purchase the outstanding common shares of Metro Pacific Investments Corporation (“**MPIC**”) (the “**Shares**”) as contemplated by a Memorandum of Agreement dated 26 April 2023 and as amended on or around 8 August 2023 (the “**MOA**”) entered into between (i) MPHI, (ii) Mit-Pacific Infrastructure Holdings Corporation, (iii) MIG Holdings Incorporated, and (iv) GT Capital Holdings, Inc. at the price of Pesos 5.20 (equivalent to approximately US\$0.09 or HK\$0.73) per Share pursuant to the MOA be approved; and that subject to the Tender Offer becoming unconditional and the requisite approval of delisting of the Shares from the Philippine Stock Exchange be obtained, the entering into by MPHI with the other parties to the MOA a Shareholders’ Agreement in relation to the operation and management of MPIC after MPIC’s delisting be approved; and

NOTICE OF SGM

- (b) that any executive director of the Company be and is hereby authorized to arrange for the execution of such documents in such manner as he may consider necessary or desirable; and to do, or authorize the Company and/or any subsidiary(ies) and/or affiliates to do, such acts and things he may consider necessary or desirable or expedient for the purpose of, or in connection with, the implementation of the Tender Offer and/or any matter related thereto; and to make or agree, or authorize the Company and/or any subsidiary(ies) and/or affiliates to make or agree, such amendments or variations thereto; and to grant, or authorize the Company and/or any subsidiary(ies) and/or affiliates to grant, any waivers of any conditions precedent or other provisions of such documents as he in his discretion considers to be desirable and in the interests of the Company; and to authorize the Company to arrange or to instruct or direct MPHI as an offeror to arrange for the issue and/or execution of such documents in such manner as he may consider necessary or desirable or expedient for the acquisition of the entire outstanding Shares, implementing the delisting of MPIC and for the purpose of, or in connection with, the implementation and completion of the Tender Offer or any matter related thereto.”

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

Hong Kong, 7 August 2023

Principal Office:

24th Floor, Two Exchange Square
8 Connaught Place
Central
Hong Kong

Registered Office:

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Explanatory Notes to the notice of SGM (the “Notice”):

1. As set out in the section headed “ARRANGEMENTS FOR THE SGM” of the circular dated 7 August 2023 (the “**Circular**”) (of which this Notice forms part), the SGM will be a virtual meeting using electronic system, organized at the Company’s principal office in Hong Kong which allows shareholders of the Company to participate in and vote through the online platform for the SGM (the “**Online Platform**”).
2. Every member entitled to participate in and vote at the SGM through the Online Platform is entitled to appoint one or more proxies to participate in and vote instead of him/her at the SGM or at any adjournment thereof (as the case may be). A proxy need not be a member of the Company.
3. A form of proxy for use at the SGM is enclosed with the Circular of which this Notice forms part. The form of proxy can also be downloaded from the websites of the Company (www.firstpacific.com) and the Stock Exchange (www.hkexnews.hk).

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4. To be valid, the form of proxy together with any power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power of attorney or authority must be deposited at the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than 48 hours before the time appointed for holding the SGM (i.e. no later than Tuesday, 22 August 2023 at 11:00 a.m.) or any adjournment thereof (as the case may be).
5. Whether or not you propose to participate in the SGM through the Online Platform, you are strongly urged to complete and return the form of proxy in accordance with the instructions printed thereon. Completion and return of the form of proxy will not preclude you from participating in and voting through the Online Platform at the SGM if you subsequently so wish. In the event that you participate in and vote through the Online Platform at the SGM after having lodged the form of proxy, it will be deemed to have been revoked.
6. For the purpose of determining the identity of the Company's shareholders who are entitled to participate in and vote at the SGM, the Company's Register of Members will be closed from Monday, 21 August 2023 to Thursday, 24 August 2023, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for participation and voting at the SGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on Friday, 18 August 2023.
7. In the case of joint holders, only ONE PAIR of login details for accessing the Online Platform will be provided. Any one of such joint holders may participate in and vote in respect of such share(s) as if he/she was solely entitled thereto.
8. If a tropical cyclone warning signal no. 8 or above is hoisted, or a black rainstorm warning signal or "extreme conditions" caused by a super typhoon is in force at or at any time after 6:00 a.m. on the date of the SGM, the SGM will be adjourned. The Company will publish an announcement on the websites of the Company (www.firstpacific.com) and the Stock Exchange (www.hkexnews.hk) notifying its shareholders of the date, time and place of the adjourned meeting.

The SGM will be held as scheduled when an amber or a red rainstorm warning signal is in force.
9. No refreshments, drinks or corporate gifts will be provided.
10. The English text of the Circular shall prevail over the Chinese text in case of any inconsistency.