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FIRST PACIFIC COMPANY LIMITED

(Incorporated with limited liability under the laws of Bermuda)

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

(Stock Code: 00142)

ANNOUNCEMENT

CONTINUING CONNECTED TRANSACTIONS

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

(2) RENEWAL CONTRACT BETWEEN MAYNILAD WATER SERVICES, INC. AND DMCI PROJECT DEVELOPERS, INC.

Reference is made to the Company's announcement dated 25 March 2009 in relation to, inter alia, the entering into of the Previous Framework Agreement between Consunji and Maynilad and the Lease Agreement between DMCI and Maynilad; the Company's announcement dated 20 May 2009, pursuant to which the annual cap in respect of the Previous Framework Agreement relating to the year 2009 was upwardly revised; and the Company's announcement dated 24 September 2009, pursuant to which the annual cap in respect of the Previous Framework Agreement relating to the year 2009 was further upwardly revised and the annual caps in respect of the Previous Framework Agreement relating to the years 2010 and 2011 were upwardly revised.

The Previous Framework Agreement expired in accordance with its terms on 31 December 2011. In order to continue performance of the Services under the Previous Framework Agreement and allow Consunji to continue to submit proposals for business put out to competitive tender by Maynilad, Consunji and Maynilad have entered into a new Framework Agreement on substantially the same terms as the Previous Framework Agreement.

The Lease Agreement between DMCIPD and Maynilad in relation to the lease by Maynilad of certain premises located in Makati City, the Philippines will expire in accordance with its terms on 31 January 2012. DMCIPD and Maynilad have entered into a Renewal Contract, pursuant to which they have mutually agreed to renew the Lease Agreement for a period of three years.

The First Pacific group has approximately 55% interest in DMWC, the holding company of Maynilad. By virtue of Rule 14A.11 of the Listing Rules, the remaining 45% shareholder of DMWC, DMCI is a connected person of the Company. Consunji is a subsidiary of DMCI, hence, a connected person of the Company. Accordingly, the entering into of the Framework Agreement and the Renewal Contract each constitutes a continuing connected transaction for the Company under the Listing Rules.

Each of the applicable percentage ratios in respect of the aggregated annual caps for the Framework Agreement and the Renewal Contract is less than 5%. Accordingly, the Framework Agreement and the Renewal Contract and their related annual caps are only subject to reporting and announcement requirements under Rules 14A.45 to 14A.47 of the Listing Rules and exempt from the independent shareholders' approval requirement under Rule 14A.48 of the Listing Rules.

Reference is made to the announcement of First Pacific Company Limited (the "Company") dated 25 March 2009 (the "March Announcement"), in relation to, inter alia, the entering into of the Framework Agreement between D.M. Consunji, Inc. ("Consunji"), a subsidiary of DMCI Holdings Inc. ("DMCI"), and Maynilad Water Services, Inc. ("Maynilad") dated 23 March 2009 (the "Previous Framework Agreement") and the Lease Agreement between DMCI Project Developers, Inc. ("DMCIPD"), a subsidiary of DMCI, and Maynilad dated 23 March 2009 (the "Lease Agreement"). Reference is also made to the Company's announcement dated 20 May 2009 (the "May Announcement"), pursuant to which the annual cap in respect of the Previous Framework Agreement relating to the year 2009 was upwardly revised and the Company's announcement dated 24 September 2009 (the "September Announcement"), pursuant to which the annual cap in respect of the Previous Framework Agreement relating to the year 2009 was further upwardly revised and the annual caps in respect of the Previous Framework Agreement relating to the years 2010 and 2011 were upwardly revised. Unless otherwise defined or the context otherwise requires, capitalised terms referred to in this announcement shall have the meanings given to them in the March Announcement, the May Announcement and the September Announcement.

FRAMEWORK AGREEMENT

The Company announces the entering into between Consunji and Maynilad of a new framework agreement (the “Framework Agreement”) in relation to the provision of construction services by Consunji to Maynilad.

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

- Date of contract: 20 January 2012
- Parties: Maynilad as customer and Consunji as supplier of construction services
- Term: 20 January 2012 to 31 December 2014
- Services to be rendered: Engineering, procurement and/or construction services to be provided by Consunji to Maynilad (the “Services”).
- Provision of Services: If Maynilad requires any Services from Consunji, it may enter into a specific service contract (“Service Contract”) with Consunji prior to the provision of the relevant services. The Service Contract and the relevant service order once executed shall form part of the Framework Agreement provided that aggregate consideration under all Service Contracts entered into by Consunji and Maynilad under the Framework Agreement shall not exceed 20% of Maynilad’s annual budget for capital expenditure projects (“CAPEX”) in respect of the years ending 31 December 2012, 2013 and 2014. For the purposes of the Framework Agreement, Maynilad’s annual CAPEX budget includes the total costs of labour, materials and overhead associated with all projects classified as capital expenditures in Maynilad’s business plan such as, but not limited to, pipe-laying, construction of facilities related to the provision of water and sewerage services and improvement of existing facilities.
- Payment: The Framework Agreement provides that details of all fees and payments due to Consunji shall be specified in each Service Contract.

Under Rule 14A.35(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Listing Rules”), an annual cap is required to be set for each continuing connected transaction. The proposed annual caps in respect of the Framework Agreement for the period from 20 January 2012 to 31 December 2012 and the years ending 31 December 2013 and 2014 are set out below (“Caps”):

2012 (from 20 January 2012 to 31 December 2012)	2013	2014
<i>US\$ million</i> <i>(HK\$ million)</i>	<i>US\$ million</i> <i>(HK\$ million)</i>	<i>US\$ million</i> <i>(HK\$ million)</i>
43.0 (335.4)	52.9 (412.6)	60.9 (475.0)

The Caps are, in each case, equal to 20% of Maynilad’s estimated annual CAPEX budget for the relevant year. The Caps have been determined based on the approximate cost of the services which Consunji has provided to Maynilad in 2010 and 2011. In 2010, the projects awarded to Consunji amounted to Php1,604 million (approximately US\$36.6 million and approximately HK\$285.4 million), representing approximately 22.4% of the CAPEX budget of Php7,176 million (approximately US\$163.7 million and approximately HK\$1,276.8 million) for the year 2010. In 2011, the projects awarded to Consunji amounted to Php1,095 million (approximately US\$25.0 million and approximately HK\$194.8 million), representing approximately 9.3% of the CAPEX budget of Php11,797 million (approximately US\$269.1 million and approximately HK\$2,098.9 million) for the year 2011.

The decrease in the amount and percentage of projects awarded to Consunji in 2011 as compared to 2010 was due to the following factors: (a) Maynilad accelerated certain projects and increased the CAPEX budget for 2011; and (b) most of the contracts awarded in 2011 were for secondary and tertiary pipe laying where Consunji was not as competitive as other smaller contractors.

The proposed annual cap for 2012 is equal to 20% of Maynilad’s estimated annual CAPEX budget for the relevant period and contemplates that the amount of contracts awarded may return to, or exceed, the amount of contracts awarded in 2010. The proposed annual caps for 2013 and 2014 are also equal to 20% of Maynilad’s estimated annual CAPEX budget for the relevant periods and contemplate the possibility of incremental increases in the value of contracts awarded as compared to the prior year.

The Framework Agreement was entered into on normal commercial terms, in the ordinary course of business of Maynilad and Consunji, and on an arm’s length basis. The contracts awarded or to be awarded to Consunji under the Framework Agreement will be in accordance with Maynilad’s standard bidding process which is fair and reasonable and made on an arm’s length basis. Payments to be made by Maynilad to Consunji pursuant to such contracts will satisfy the efficiency and prudence test imposed by the concession agreement entered between Maynilad and the Metropolitan Waterworks and Sewerage System on behalf of the Philippine government.

RENEWAL OF LEASE AGREEMENT

The Company also announces the entering into between DMCIPD and Maynilad of a renewal of contract of lease (the “Renewal Contract”) dated 20 January 2012. Under the Renewal Contract, DMCIPD and Maynilad agree to renew the terms of the Lease Agreement for a period of three years commencing on 1 February 2012, or until the close of business on 31 January 2015. All other terms and conditions of the Lease Agreement remain in full force and effect. The principal terms of the renewed lease are summarised below:

Date of original Lease Agreement:	23 March 2009
Date of Renewal Contract:	20 January 2012
Term of Renewal Contract:	1 February 2012 to 31 January 2015
Rented premises:	4/F 1321 Apolinario Street, Barangay Bangkal, Makati City, the Philippines together with twelve parking units
Consideration:	Php356,345 (approximately US\$8,128 and approximately HK\$63,401) per month; or Php4,276,140 (approximately US\$97,540 and approximately HK\$760,810) per annum; or Php12,828,420 (approximately US\$292,619 and approximately HK\$2,282,429) over the renewed 3 year term of the lease (i.e. from 1 February 2012 to 31 January 2015).

Under Rule 14A.35(2) of the Listing Rules, an annual cap is required to be set for each continuing connected transaction. The proposed annual caps in respect of the Renewal Contract for the period from 1 February 2012 to 31 December 2012 and the years ending 31 December 2013 and 2014 are set out below:

2012 (from 1 February 2012 to 31 December 2012)	2013	2014
<i>US\$ million</i> <i>(HK\$ million)</i>	<i>US\$ million</i> <i>(HK\$ million)</i>	<i>US\$ million</i> <i>(HK\$ million)</i>
0.1 (0.8)	0.1 (0.8)	0.1 (0.8)

The consideration in respect of the Lease Agreement, as renewed by the Renewal Contract, is determined based on prevailing lease rates in the relevant area in the Philippines.

The Renewal Contract was entered into on normal commercial terms, in the ordinary course of business of Maynilad and DMCIPD, and on an arm's length basis. There is no increase in the rental rate under the Renewal Contract despite the general increase in rental rates in the relevant area in the Philippines. Accordingly, Maynilad confirmed that entering into the Renewal Contract would be the most cost-effective option available to them.

LISTING RULES IMPLICATIONS

Pursuant to Rule 14A.36(2) of the Listing Rules, where a relevant agreement is renewed, the Company must re-comply with the reporting, announcement and/or independent shareholders' approval requirements (as appropriate) as set out in Rules 14A.35(3) and 14A.35(4) of the Listing Rules.

The aggregated annual caps in respect of the Framework Agreement and the Renewal Contract for the years ending 31 December 2012^(note), 2013 and 2014 are set out below:

2012^(note)	2013	2014
<i>US\$ million</i> <i>(HK\$ million)</i>	<i>US\$ million</i> <i>(HK\$ million)</i>	<i>US\$ million</i> <i>(HK\$ million)</i>
43.1 (336.2)	53.0 (413.4)	61.0 (475.8)

Note: the aggregated annual cap in respect of the Framework Agreement and the Renewal Contract for the year ending 31 December 2012 consists of the annual caps for (1) in respect of the Framework Agreement, the period from 20 January 2012 to 31 December 2012 and (2) in respect of the Renewal Contract, the period from 1 February 2012 to 31 December 2012.

Each of the applicable percentage ratios in respect of the aggregated annual caps for the Framework Agreement and the Renewal Contract is less than 5%. Accordingly, the Framework Agreement and the Renewal Contract and their related annual caps are only subject to reporting and announcement requirements under Rules 14A.45 to 14A.47 of the Listing Rules and exempt from the independent shareholders' approval requirement under Rule 14A.48 of the Listing Rules.

DESCRIPTION OF THE CONNECTED RELATIONSHIP

The First Pacific group has an approximately 55% interest in DMCI-MPIC Water Company Inc. ("DMWC"), the holding company of Maynilad. By virtue of Rule 14A.11 of the Listing Rules, the remaining 45% shareholder of DMWC, DMCI is a connected person of the Company. Consunji and DMCIPD are subsidiaries of DMCI, hence, connected persons of the Company. Accordingly, the entering into of the Framework Agreement and the Renewal Contract each constitutes a continuing connected transaction for the Company under the Listing Rules.

DIRECTORS' VIEWS

The Directors (including the Independent Non-executive Directors) consider that the terms of the Framework Agreement and the Renewal Contract are on normal commercial terms (or better, as far as the Company is concerned) and are fair and reasonable and in the interests of the Company and its shareholders as a whole.

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

The Directors (including the Independent Non-executive Directors) also believe that the entering into of the Renewal Contract will be beneficial to the Company because the Renewal Contract contains terms that are more favourable than those in other comparable lease contracts that are readily available to Maynilad.

The Directors (including the Independent Non-executive Directors) confirm that none of them has a material interest in the Framework Agreement and/or the Renewal Contract.

GENERAL

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

DMCI is a leading construction company in the Philippines and currently manages Subic Water & Sewerage Company, Inc. DMCI's shares have been listed on the Philippine Stock Exchange since 1995.

Consunji and DMCPID are subsidiaries of DMCI.

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

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

Hong Kong, 20 January 2012

Unless stated otherwise, translations of quoted currency values are made on an approximate basis and at the rate of US\$1.00 = Php43.84 = HK\$7.8. Percentages and figures expressed have been rounded.

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

Anthoni Salim, *Chairman*

Manuel V. Pangilinan, *Managing Director and CEO*

Edward A. Tortorici

Robert C. Nicholson

Graham L. Pickles*

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

Tedy Djuhar

Ibrahim Risjad

Benny S. Santoso

Napoleon L. Nazareno

Jun Tang*

Dr. Loh Kung Wai, Christine*, *JP, OBE,*
Chevalier de l'Ordre National du Merite

* *Independent Non-executive Directors*