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FIRST PACIFIC COMPANY LIMITED

第一太平有限公司

(Incorporated with limited liability under the laws of Bermuda)

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

(Stock Code: 00142)

CONNECTED TRANSACTION

PROPOSED MERGER BETWEEN NLEX CORPORATION AND TOLLWAYS MANAGEMENT CORPORATION

PROPOSED MERGER BETWEEN NLEX AND TMC

The Company is pleased to announce that on 17 April 2017, NLEX and TMC, indirect subsidiaries of the Group, entered into a plan of merger and articles of merger, pursuant to which it is proposed that TMC will merge with and into NLEX, with NLEX as the surviving corporation.

NLEX is the concessionaire for both the North Luzon Expressway and the Subic-Clark-Tarlac Expressway projects.

TMC is engaged in the operation and maintenance of the North Luzon Expressway and the Subic-Clark-Tarlac Expressway.

The Merger shall take effect 15 days from and after the approval by the Philippine Securities and Exchange Commission of the articles of merger and the issuance of the certificate of filing of the articles of merger.

It is currently anticipated that the Merger will be completed in or around the third quarter of 2017.

Upon the Merger Effective Date, the TMC Shareholders participating in the Merger shall transfer all of their respective TMC Common Shares to NLEX in exchange for 2.7 NLEX Common Shares for every 1 TMC Common Share (or such other exchange ratio as may be approved by the Philippine Securities and Exchange Commission).

Upon the Merger Effective Date, NLEX shall be deemed to have acquired all the assets and assumed all the liabilities of TMC.

REASONS FOR AND BENEFITS OF THE MERGER

It is expected that the Merger will be beneficial to NLEX, and beneficial to the Group as a whole, for the following reasons:

- the integration of the administrative facilities of TMC and NLEX will result in improved economies of scale and efficiency of operations;
- the consolidation of the assets of TMC and NLEX will allow NLEX to procure financing and credit facilities under more favourable terms; and
- the Merger will make possible the more productive use of the properties currently owned by TMC and NLEX.

IMPLICATIONS UNDER THE LISTING RULES

The Group has an approximately 55.0% voting interest and an approximately 42.0% economic interest in MPIC, which in turn owns MPTC as to approximately 99.9%. MPTC wholly owns MPTDC, which in turn has an aggregate effective interest in approximately 75.6% of the total number of NLEX Common Shares in issue and beneficially owns approximately 67% of the issued share capital of TMC.

Accordingly, TMC and NLEX are indirect subsidiaries of the Group.

Egis Investment owns 10% of NLEX and is, therefore, a substantial shareholder of NLEX and a connected person of the Company under the Listing Rules. Egis Investment is owned as to approximately 54% by Egis, which is, therefore, also a connected person of the Company under the Listing Rules.

The Merger includes the acquisition by NLEX of TMC Common Shares from Egis or Egis Investment. The Merger is, therefore, a connected transaction for the Company under the Listing Rules.

The Merger is a transaction with a person connected only at the subsidiary level and is on normal commercial terms. The directors (including the independent non-executive directors) of the Company consider that the Merger and the transactions contemplated thereunder, although not in the ordinary and usual course of business of the Group, are on normal commercial terms, and that the terms of the Merger are fair and reasonable and in the interests of the Company and its shareholders as a whole. The directors (including the independent non-executive directors) of the Company have approved the Merger and the transactions contemplated thereunder.

The highest applicable percentage ratio in respect of the connected transaction under the Merger, when aggregated with the acquisitions of an aggregate of 21% of the TMC Common Shares by MPTDC from Egis announced by the Company on 28 March 2017, is 1% or more but all the applicable percentage ratios are less than 5%. Therefore, the Merger, when aggregated with such previously announced acquisitions, is subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules, but is exempt from the independent shareholders' approval requirement.

PROPOSED MERGER BETWEEN NLEX AND TMC

On 17 April 2017, NLEX and TMC, indirect subsidiaries of the Group, entered into a plan of merger and articles of merger, pursuant to which it is proposed that TMC will merge with and into NLEX, with NLEX as the surviving corporation.

The salient terms and features of the Merger are as follows:

Date of plan of merger and articles of merger: 17 April 2017

Parties: (i) NLEX
(ii) TMC

Transaction: TMC to merge with and into NLEX, with NLEX as the surviving corporation

Terms of Merger: Upon the Merger Effective Date, each TMC Shareholder participating in the Merger shall transfer all of their respective TMC Common Shares to NLEX in exchange for 2.7 NLEX Common Shares for every 1 TMC Common Share transferred (or such other exchange ratio prescribed by the Philippine Securities and Exchange Commission).

Alternatively, a TMC Shareholder which has exercised its appraisal right under Title X (Appraisal Right) of the Corporation Code of the Philippines, and is therefore not participating in the Merger, will instead sell its TMC Common Shares to TMC for a cash consideration.

Merger Effective Date: 15 days from the approval by the Philippine Securities and Exchange Commission of the articles of merger and the issuance of the certificate of filing of the articles of merger.

It is currently anticipated that the Merger will be completed in or around the third quarter of 2017.

Conditions to Completion: The approval of the Philippine Securities and Exchange Commission.

Effects of the Merger: Upon the Merger Effective Date, NLEX shall be deemed to have acquired all the assets and assumed all the liabilities of TMC.

NLEX shall be the surviving corporation and its corporate existence shall continue.

It is expected that, upon the Merger becoming effective, the Group will have an aggregate effective beneficial interest in NLEX, as the surviving corporation following the Merger, of approximately 76%.

CONSIDERATION FOR THE MERGER

A business review and financial analysis of NLEX and TMC determined that the aggregate monetary consideration for all the TMC Common Shares should amount to approximately Php6.3 billion (equivalent to approximately US\$125.5 million or HK\$978.9 million) (the “**Merger Consideration**”). The exchange ratio of 2.7 NLEX Common Shares for every 1 TMC Common Share was determined with reference to the Merger Consideration. The NLEX Common Shares to be allotted and issued by NLEX under the Merger will not be subject to any restriction on subsequent sale.

Under the Merger, Egis (or, if a proposal by Egis to transfer its TMC Common Shares to Egis Investment is completed prior to the Merger Effective Date, Egis Investment) will transfer 49,400 TMC Common Shares to NLEX in exchange for 133,380 NLEX Common Shares. Based on the Merger Consideration, the monetary value of the NLEX Common Shares to be allotted and issued to Egis (or Egis Investment, as the case may be) will amount to approximately Php821 million (equivalent to approximately US\$16.4 million or HK\$127.6 million).

REASONS FOR AND BENEFITS OF THE MERGER

It is expected that the Merger will be beneficial to NLEX, and beneficial to the Group as a whole, for the following reasons:

- the integration of the administrative facilities of TMC and NLEX will result in improved economies of scale and efficiency of operations;
- the consolidation of the assets of TMC and NLEX will allow NLEX to procure financing and credit facilities under more favourable terms; and
- the Merger will make possible the more productive use of the properties currently owned by TMC and NLEX.

None of the directors of the Company has a material interest in the Merger. Accordingly, no director has abstained from voting on the approval of the Merger.

IMPLICATIONS UNDER THE LISTING RULES

The Group has an approximately 55.0% voting interest and an approximately 42.0% economic interest in MPIC, which in turn owns MPTC as to approximately 99.9%. MPTC wholly owns MPTDC, which in turn has an aggregate effective interest in approximately 75.6% of the total number of NLEX Common Shares in issue and beneficially owns approximately 67% of the issued share capital of TMC.

Accordingly, TMC and NLEX are indirect subsidiaries of the Group.

Egis Investment owns 10% of NLEX and is, therefore, a substantial shareholder of NLEX and a connected person of the Company under the Listing Rules. Egis Investment is owned as to approximately 54% by Egis, which is, therefore, also a connected person of the Company under the Listing Rules.

The Merger includes the acquisition by NLEX, a subsidiary of the Group, of TMC Common Shares from Egis, a substantial shareholder of NLEX and a connected person of the Company under the Listing Rules. The Merger is, therefore, a connected transaction for the Company under the Listing Rules.

The Merger is a transaction with a person connected only at the subsidiary level and is on normal commercial terms. The directors (including the independent non-executive directors) of the Company consider that the Merger and the transactions contemplated thereunder, although not in the ordinary and usual course of business of the Group, are on normal commercial terms, and that the terms of the Merger are fair and reasonable and in the interests of the Company and its shareholders as a whole. The directors (including the independent non-executive directors) of the Company have approved the Merger and the transactions contemplated thereunder.

The highest applicable percentage ratio in respect of the connected transaction under the Merger, when aggregated with the acquisitions of an aggregate of 21% of the TMC Common Shares by MPTDC from Egis announced by the Company on 28 March 2017, is 1% or more but all the applicable percentage ratios are less than 5%. Therefore, the Merger, when aggregated with such previously announced acquisitions, is subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules, but is exempt from the independent shareholders' approval requirement.

INFORMATION ABOUT THE COMPANY, MPTDC, NLEX, EGIS, EGIS INVESTMENT AND TMC

The Company is a Hong Kong-based investment management and holding company with operations located in Asia-Pacific. Its principal business interests relate to telecommunications, consumer food products, infrastructure and natural resources.

MPTDC is engaged in general construction and contracting business in all its phases, including construction, repair, improvement and engagement in any works upon roads, highway, bridges, wharves, piers, waterworks, railways, power plants and other manufacturing and industrial plants, among others.

NLEX is the concessionaire for both the North Luzon Expressway and the Subic-Clark-Tarlac Expressway projects.

Egis is a holding company which buys and holds shares of other companies, either by subscribing to the unissued shares of the capital stock in public or private offerings or by purchasing the shares of other stockholders by way of assignment in private sale, among others. Egis was an original incorporator of TMC and subscribed for a total of 129,200 TMC Common Shares at a subscription price of Php100 (equivalent to approximately US\$2.0 or HK\$15.5) per TMC Common Share (which is equal to the par value of the TMC Common Shares).

Egis Investment is primarily engaged in the business of a holding company, thereby buying and holding shares of other companies, either by subscribing to the unissued shares of the capital stock in public or private offerings or by purchasing the shares of other stockholders by way of assignment in private sale, among others.

TMC is engaged in the operation and maintenance of the North Luzon Expressway and the Subic-Clark-Tarlac Expressway, its facilities, interchanges and related works, among others.

For the financial year ended 31 December 2016, TMC's audited profits before taxation were approximately Php893 million (equivalent to approximately US\$18.7 million or HK\$146.1 million) and TMC's audited profits after taxation were approximately Php677 million (equivalent to approximately US\$14.2 million or HK\$110.8 million). For the financial year ended 31 December 2015, TMC's audited profits before taxation were approximately Php827 million (equivalent to approximately US\$18.1 million or HK\$141.4 million) and TMC's audited profits after taxation were approximately Php637 million (equivalent to approximately US\$14.0 million or HK\$108.9 million). As at 31 December 2016, TMC's audited net asset value was approximately Php126 million (equivalent to approximately US\$2.5 million or HK\$19.8 million).

For the financial year ended 31 December 2016, NLEX's audited profits before taxation were approximately Php5.2 billion (equivalent to approximately US\$109.1 million or HK\$850.8 million) and NLEX's audited profits after taxation were approximately Php4.1 billion (equivalent to approximately US\$86.0 million or HK\$670.9 million). For the financial year ended 31 December 2015, NLEX's audited profits before taxation were approximately Php3.9 billion (equivalent to approximately US\$85.5 million or HK\$667.0 million) and NLEX's audited profits after taxation were approximately Php3.0 billion (equivalent to approximately US\$65.8 million or HK\$513.0 million). As at 31 December 2016, NLEX's audited net asset value was approximately Php9.6 billion (equivalent to approximately US\$193.1 million or HK\$1.5 billion).

DEFINITIONS

In this announcement, the following terms and expressions have the following meanings, unless the context requires otherwise:

“Company”	First Pacific Company Limited, an exempted company incorporated in Bermuda and having its shares listed on The Stock Exchange of Hong Kong Limited;
“Egis”	Egis Road Operation S.A., a company incorporated in France;
“Egis Investment”	Egis Investment Partners Philippines, Inc., a company incorporated in the Philippines;
“Group”	the Company, and/or its subsidiaries, and/or its Philippine affiliates, from time to time;
“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;
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;

“Merger”	the proposed merger between NLEX and TMC as described above in this announcement;
“Merger Consideration”	has the meaning given above in this announcement in the section headed “CONSIDERATION FOR THE MERGER”;
“Merger Effective Date”	the date on which the Merger shall take effect, being 15 days from the approval by the Philippine Securities and Exchange Commission of the articles of merger and the issuance of the certificate of filing of the articles of merger;
“MPIC”	Metro Pacific Investments Corporation, a company incorporated in the Philippines and having its shares listed on the Philippine Stock Exchange;
“MPTC”	Metro Pacific Tollways Corporation, a company incorporated in the Philippines;
“MPTDC”	Metro Pacific Tollways Development Corporation, a company incorporated in the Philippines;
“NLEX”	NLEX Corporation, a company incorporated in the Philippines, being a subsidiary of the Group, and formerly known as Manila North Tollways Corporation;
“NLEX Common Shares”	shares of common stock of Php100 (equivalent to approximately US\$2.0 or HK\$15.5) each in NLEX;
“Php”	Philippine Peso, the lawful currency of the Philippines;
“TMC”	Tollways Management Corporation, a company incorporated in the Philippines;
“TMC Common Share(s)”	share(s) of common stock of Php100 (equivalent to approximately US\$2.0 or HK\$15.5) each in TMC;
“TMC Shareholder(s)”	holder(s) of TMC Common Shares;
“US\$”	United States dollars, the lawful currency of the United States of America; and

“%”

per cent.

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

Hong Kong, 17 April 2017

Unless stated otherwise, translations of quoted currency values are made on an approximate basis and at the rate of US\$1.00 = HK\$7.8 = Php 50.2. Percentages and figures expressed have been rounded.

As at the date of this announcement, the board of directors of the Company comprises the following directors:

Executive Directors:

Manuel V. Pangilinan, *Managing Director and CEO*
Edward A. Tortorici
Robert C. Nicholson

Non-executive Directors:

Anthoni Salim, *Chairman*
Benny S. Santoso
Tedy Djuhar
Ambassador Albert F. del Rosario

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