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## **FIRST PACIFIC COMPANY LIMITED**

*(Incorporated in Bermuda with limited liability)*

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

(Stock code: 00142)

### **ANNOUNCEMENT**

#### **CONNECTED TRANSACTIONS**

##### **THE ENTERING INTO OF A SALE AND ASSIGNMENT AGREEMENT WITH LYMINTON PTE LTD AND A SALE AND PURCHASE AGREEMENT WITH PT MULIA ABADI LESTARI BY PT SALIM IVOMAS PRATAMA**

On 21 November 2008, SIMP, an indirect subsidiary of the Company, entered into the LMT Agreement and the MAL Agreement. The LMT Agreement and the MAL Agreement constitute connected transactions (as explained below) for the Company.

Particulars of the LMT Agreement and the MAL Agreement are given below in accordance with the relevant requirements of the Listing Rules.

#### **INTRODUCTION**

PT Salim Ivomas Pratama ("SIMP"), an indirect subsidiary of First Pacific Company Limited (the "Company" or "First Pacific"), entered into the following conditional agreements on 21 November 2008:

**1) Sale and Assignment Agreement with Lyminton Pte Ltd ("LMT") (the "LMT Agreement")**

Parties: SIMP and LMT

**Summary:** SIMP and PT Usahatama Karya Mandiri (“UKM”) are the respective holders of 70.02% and 29.98% total issued share capital of PT Sarana Inti Pratama (“SAIN”) as at the date of this announcement. Pursuant to the LMT Agreement, SIMP will acquire from LMT, a third party independent of the Company, an Exchangeable Bond issued by UKM, exchangeable into 15,499 shares of SAIN (representing the remaining 29.98% interest in SAIN) (the “Exchangeable Bond”). The Exchangeable Bond is non interest bearing and matures on 7 June 2009. The Exchangeable Bond is freely transferable, redeemable and exchangeable into shares of SAIN at any time prior to its maturity by the holder of the Exchangeable Bond.

**Consideration:** Cash consideration of US\$16.4 million (approximately HK\$127.9 million), 60% of which shall be payable within 5 business days from the date of the LMT Agreement and the remaining 40% shall be payable on the date of completion.

The consideration was arrived at after taking into consideration, inter alia, the fair value of the net assets and the business prospects of SAIN.

The acquisition of the Exchangeable Bond will be funded by internal cash resources of SIMP.

**Completion:** Conditional upon various conditions being fulfilled as stipulated in the LMT Agreement and is targeted to be completed on or prior to 30 April 2009. Upon completion, SIMP's interest in SAIN will increase from 70.02% to 100%.

## **2) Sale & Purchase Agreement with PT Mulia Abadi Lestari (“MAL”) (the “MAL Agreement”)**

**Parties:** SIMP and MAL

**Summary:** SIMP and MAL are the respective holders of 70% and 30% total issued share capital of PT Mitra Inti Sejati Plantation (“Mitra”) as at the date of this announcement. Pursuant to the MAL Agreement, SIMP will acquire from MAL 28,499,999 shares in Mitra, representing approximately 30% of the total issued share capital of Mitra.

Consideration: Cash consideration of Rp28.5 billion (approximately US\$2.3 million and approximately HK\$18.0 million), 60% of which shall be payable within 5 business days from the date of the MAL Agreement and the remaining 40% shall be payable on the date of completion.

The consideration was arrived at after taking into consideration, inter alia, the fair value of the net assets and the business prospects of Mitra.

The acquisition of shares in Mitra will be funded by internal cash resources of SIMP.

Completion: Conditional upon various conditions being fulfilled as stipulated in the MAL Agreement and is targeted to be completed on or prior to 30 April 2009. Upon completion, SIMP's interest in Mitra will increase from 70% to 100%.

## **VIEWS OF THE DIRECTORS**

The LMT Agreement and the MAL Agreement are on normal commercial terms and entered into on arm's length basis. The directors of the Company (including the independent non-executive directors) are of the view that the terms of the LMT Agreement and the MAL Agreement are fair and reasonable and in the interest of the shareholders of the Company as a whole.

## **REASONS FOR THE ENTERING INTO THE LMT AGREEMENT AND THE MAL AGREEMENT**

The entering into of the LMT Agreement and the MAL Agreement were aimed at enhancing the First Pacific group's integrated agribusiness model and improving its operating efficiency in Indonesia by way of:

- (i) the integration of its seed breeding operations and development of plantation land; and
- (ii) securing additional landbank for future expansion.

## **CONNECTED RELATIONSHIP AND LISTING RULES IMPLICATIONS**

### *LMT Agreement*

LMT, the seller of the Exchangeable Bond, is a third party independent of the Company as at the date of this announcement. UKM, the issuer of the Exchangeable Bond, is a connected person of the Company under the Listing Rules as it is a substantial shareholder of SAIN, an indirect subsidiary of the Company.

Accordingly, the entering into of the LMT Agreement between LMT and SIMP is not a connected transaction for the Company under the Listing Rules. However, the subsequent transfer of shares in SAIN by UKM to SIMP upon exercise of the Exchangeable Bond will constitute a connected transaction for the Company under Rule 14A.13(1)(a) of the Listing Rules.

#### *MAL Agreement*

MAL is a connected person of the Company under the Listing Rules as it is a substantial shareholder of Mitra, an indirect subsidiary of the Company.

Accordingly, the entering into of the MAL Agreement between MAL and SIMP is a connected transaction for the Company under Rule 14A.13(1)(a) of the Listing Rules.

Each of the relevant percentage ratios (as defined in the Listing Rules) in respect of each of the LMT Agreement and the MAL Agreement is less than 2.5%. Pursuant to Rule 14A.66(2), both LMT Agreement and the MAL Agreement are only subject to the reporting and announcement requirements set out in Rules 14A.45 to 14A.47 of the Listing Rules and are exempt from the approval of independent shareholders of the Company.

## **GENERAL**

### *The Company*

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

### *SAIN*

The principal activities of SAIN are research and development, oil palm seed breeding and ownership of three plantation subsidiary companies. The subsidiaries of SAIN own an aggregate land bank of approximately 67,000 hectares in West Kalimantan, Indonesia, of which approximately 7,900 hectares are planted with oil palms.

The net asset value of SAIN as at 30 June 2008, was approximately Rp36.9 billion (approximately US\$3.9 million and HK\$30.6 million). The net losses of SAIN before and after taxation and extraordinary items are Rp1.8 billion (approximately US\$0.2 million and approximately HK\$1.5 million) and Rp2.7 billion (approximately US\$0.3 million and approximately HK\$2.3 million), respectively, for the financial year ended 31 December 2007 and net losses of SAIN before and after taxation and extraordinary items are Rp2.8 billion (approximately US\$0.3 million and approximately HK\$2.4 million) and Rp2.3 billion (approximately US\$0.3 million and approximately HK\$2.0 million), respectively, for the financial year ended 31 December 2006.

*Mitra*

Mitra is principally engaged in oil palm cultivation and the milling of fresh fruit bunches. Mitra currently owns over a total of 12,000 hectares of land in West Kalimantan, Indonesia, of which approximately 3,900 hectares are planted with oil palms.

The net asset value of Mitra as at 30 June 2008 was approximately Rp15.9 billion (approximately US\$1.7 million and approximately HK\$13.2 million). The net losses of Mitra before and after taxation and extraordinary items are Rp32.4 billion (approximately US\$3.5 million and approximately HK\$27.6 million) and Rp39.5 billion (approximately US\$4.3 million and approximately HK\$33.6 million), respectively, for the financial year ended 31 December 2007 and net losses of Mitra before and after taxation and extraordinary items are Rp16.7 billion (approximately US\$1.8 million and approximately HK\$14.2 million) and Rp12.1 billion (approximately US\$1.3 million and approximately HK\$10.3 million), respectively, for the financial year ended 31 December 2006.

*UKM*

UKM is engaged in investment activities, and currently UKM has an investment in the shares of SAIN.

*MAL*

MAL is engaged in investment activities, and currently MAL has an investment in the shares of Mitra.

Shareholders are also referred to the overseas regulatory announcement of the Company dated 24 November 2008 which also contains information on the LMT Agreement and the MAL Agreement.

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

Hong Kong, 26 November, 2008

Unless otherwise stated, translations of quoted currency values are made on an approximate basis and at the rate of US\$1.00 = Rp12,350 = HK\$7.8. Percentages and figures expressed in millions and billions have been rounded.

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

Anthoni Salim, <i>Chairman</i>	Tedy Djuhar
Manuel V. Pangilinan, <i>Managing Director and CEO</i>	Sutanto Djuhar
Edward A. Tortorici	Ibrahim Risjad
Robert C. Nicholson	Benny S. Santoso
Napoleon L. Nazareno	Graham L. Pickles*
Ambassador Albert F. del Rosario	Professor Edward K.Y. Chen*, <i>GBS, CBE, JP</i>
Sir David W.C. Tang*, <i>KBE</i>	

\* *Independent Non-executive Directors*