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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**

#### **REVISION OF THE ANNUAL CAPS RELATING TO MAYNILAD'S FRAMEWORK AGREEMENT FOR THE YEARS 2009, 2010 and 2011**

Reference is made to the Company's announcement dated 25 March 2009 in relation to, inter alia, the entering into of a Framework Agreement between Consunji and Maynilad and to the Company's announcement dated 20 May 2009, pursuant to which the annual cap in respect of the Framework Agreement relating to the year 2009 was upwardly revised.

The Company has been informed by Consunji that it has placed a bid for a new construction contract for the provision of construction services to Maynilad. If Consunji wins the bid, Consunji will enter into a construction contract in an amount expected to be in the region of US\$13.0 million to US\$15.0 million (approximately HK\$101.4 million to HK\$117.0 million) with Maynilad. Accordingly, the Company proposes to further revise the annual cap relating to the Framework Agreement for the year 2009 from US\$35.2 million (approximately HK\$274.6 million) to US\$48.0 million (approximately HK\$374.4 million). As at the date of this announcement, contracts in an amount of approximately US\$27.3 million (approximately HK\$212.9 million) have been awarded to Consunji under the Framework Agreement.

As a result of the increased volumes of business which necessitated the increase of the annual cap for 2009, it is considered that the existing annual caps for the years 2010 and 2011 under the Framework Agreement may no longer be consistent with the volumes of business anticipated to be put out to competitive tender by Maynilad during those periods and in respect of which Consunji may wish to submit proposals (recognising of course that whether or not Consunji actually wins a particular piece of business would depend on the outcome of the tender process in each case). In order to give Consunji the ability to tender for the increased volumes of business, it is considered that it is in the interests of the Company to revise each of the annual caps relating to the Framework Agreement for the years 2010 and 2011 from US\$24.9 million (approximately HK\$194.2 million) to US\$36.7 million (approximately HK\$286.3 million) to allow further growth and expansion of Consunji's business through successful competitive tender of the Maynilad construction contracts.

As far as the Directors understand, contracts awarded to Consunji under the Framework Agreement were in accordance with Maynilad's stringent bidding process that are fair, reasonable and made on an arm's length commercial basis and that payments to be made by Maynilad to Consunji pursuant to such contracts would pass the efficiency and prudence test imposed by the concession agreement dated 21 February 1997 entered into between Metropolitan Waterworks and Sewerage System, a Philippine government owned and controlled corporation and Maynilad.

Pursuant to Rule 14A.36(1) of the Listing Rules, where a previously announced annual cap is exceeded or proposed to be exceeded or 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.

Based on the five test calculations set out in Rule 14.07 of the Listing Rules, the applicable relevant ratios in respect of the aggregated annual caps for the Framework Agreement (taking into account the Further Revised 2009 Cap and the Revised 2010 and 2011 Caps) and the Lease Agreement are still less than 2.5%. Accordingly, the Framework Agreement and the Lease Agreement 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”) and Maynilad Water Services Inc. (“Maynilad”). 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 Framework Agreement relating to the year 2009 was 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 and the May Announcement.

### **REVISION OF THE ANNUAL CAPS RELATING TO THE FRAMEWORK AGREEMENT FOR THE YEARS 2009, 2010 AND 2011**

The Company has been informed by Consunji that it has placed a bid for a new construction contract for the provision of construction services to Maynilad. If Consunji wins the bid, Consunji will enter into a construction contract in an amount expected to be in the region of US\$13.0 million to US\$15.0 million (approximately HK\$101.4 million to HK\$117.0 million) with Maynilad. Accordingly, the Company proposes to further revise the annual cap relating to the Framework Agreement for the year 2009 from US\$35.2 million (approximately HK\$274.6 million) to US\$48.0 million (approximately HK\$374.4 million) (the “Further Revised 2009 Cap”). As at the date of this announcement, contracts in an amount of approximately US\$27.3 million (approximately HK\$212.9 million) have been awarded to Consunji under the Framework Agreement.

As a result of the increased volumes of business which necessitated the increase of the annual cap for 2009, it is considered that the existing annual caps for the years 2010 and 2011 under the Framework Agreement may no longer be consistent with the volumes of business anticipated to be put out to competitive tender by Maynilad during those periods and in respect of which Consunji may wish to submit proposals (recognising of course that whether or not Consunji actually wins a particular piece of business would depend on the outcome of the tender process in each case). In order to give Consunji the ability to tender for the increased volumes of business, it is considered that it is in the interests of the Company to revise each of the annual caps relating to the Framework Agreement for the years 2010 and 2011 from US\$24.9 million (approximately HK\$194.2 million) to US\$36.7 million (approximately HK\$286.3 million) (the “Revised 2010 and 2011 Caps”) to allow further growth and expansion of Consunji’s business through successful competitive tender of the Maynilad construction contracts.

As far as the Directors understand, contracts awarded to Consunji under the Framework Agreement were in accordance with Maynilad’s stringent bidding process that are fair, reasonable and made on an arm’s length commercial basis and that payments to be made by Maynilad to Consunji pursuant to such contracts would pass the efficiency and prudence test imposed by the concession agreement dated 21 February 1997 entered into between Metropolitan Waterworks and Sewerage System, a Philippine government owned and controlled corporation and Maynilad.

The revised annual caps for the years 2009, 2010 and 2011 relating to the Framework Agreement are set out in the table below for shareholders' ease of reference:

<b>Further Revised 2009 Cap (From 23 March 2009 to 31 December 2009) (US\$ million)</b>	<b>Revised annual cap for 2010 (US\$ million)</b>	<b>Revised annual cap for 2011 (US\$ million)</b>
48.0	36.7	36.7

## **LISTING RULES IMPLICATIONS**

Pursuant to Rule 14A.36(1) of the Listing Rules, where a previously announced annual cap is exceeded or proposed to be exceeded or 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.

Based on the five test calculations set out in Rule 14.07 of the Listing Rules, the applicable relevant ratios in respect of the aggregated annual caps for the Framework Agreement (taking into account the Further Revised 2009 Cap and the Revised 2010 and 2011 Caps) and the Lease Agreement are still less than 2.5%. Accordingly, the Framework Agreement and the Lease Agreement 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 approximately 55% interest in DMCI-MPIC Water Co. Inc. ("DMWC"), the holding company of Maynilad. By virtue of Rule 14A.11 of the Listing Rules, the remaining 45% shareholder of DMWC, DMCI Holdings Inc. ("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 is a continuing connected transaction for the Company under the Listing Rules.

## **DIRECTORS' VIEWS**

The Directors consider that the revision to the annual caps relating to the Framework Agreement for the years 2009, 2010 and 2011 to be fair and reasonable, on normal commercial terms and in the interests of the Company and its shareholders as a whole.

## **GENERAL**

The Company is a Hong Kong-based investment and management 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 is a subsidiary 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.

Shareholders are referred to the March Announcement and the May Announcement for further details of the Framework Agreement, including the key terms of the Framework Agreement and the reasons and Directors' views in respect of the entering into of the Framework Agreement.

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

Hong Kong, 24 September 2009

*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. 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  
Napoleon L. Nazareno  
Ambassador Albert F. del Rosario  
Sir David W.C. Tang\*, *KBE*

Tedy Djuhar  
Sutanto Djuhar  
Ibrahim Risjad  
Benny S. Santoso  
Graham L. Pickles\*  
Prof. Edward K.Y. Chen\*, *GBS, CBE, JP*

\* *Independent Non-executive Directors*