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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)

### **DISCLOSEABLE TRANSACTION**

#### **ACQUISITION BY FPM POWER HOLDINGS LIMITED OF 70% INTEREST IN A SINGAPORE NATURAL GAS POWER PLANT CONSTRUCTION PROJECT**

##### **INTRODUCTION**

The Board is pleased to announce that FPM Power (a non-wholly owned subsidiary of the Company) has entered into a sale and purchase agreement dated 4 March 2013 with the Sellers, pursuant to which FPM Power agreed to acquire from the Sellers, a 70% interest in GMRE, a company established for the construction, operation and maintenance of a two-unit natural gas fueled power plant in Singapore. The GMRE power plant (when completed) is expected to have a total gross capacity of 800 megawatts and a total net capacity of 771 megawatts. The remaining 30% interest in GMRE will continue to be owned by Petronas Group. The Company has a 60% interest in FPM Power. The remaining 40% interest in FPM Power is owned by Meralco PowerGen.

##### **PRINCIPAL TERMS OF THE SALE AND PURCHASE AGREEMENT**

###### **Sale Shares and shareholders' loans**

Pursuant to the terms of the SPA, FPM Power agreed to purchase, and the Sellers agreed to sell:

- (a) the Sale Shares, representing, on a fully diluted basis, 70% of the share capital and voting rights of GMRE; and
- (b) approximately (as at 7 February 2013) US\$76 million and approximately (as at 7 February 2013) S\$100 million (approximately US\$81 million) or in aggregate approximately (as at 7 February 2013) US\$157 million (approximately HK\$1,227 million) in principal amount of shareholders' loans due from GMRE and/or its subsidiary to the Sellers.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiry, the Sellers and their ultimate beneficial owners are third parties independent of the Company and its connected persons.

### **Equity contribution commitments**

GMRE and its subsidiary are parties to the Finance Documents, pursuant to which external creditors agreed to provide term loan facilities with a total commitment of approximately S\$670 million (approximately US\$545 million or HK\$4,249 million) and credit facilities with a total commitment of approximately US\$270 million (approximately HK\$2,106 million) to GMRE and its subsidiary.

The SPA provides that, at completion, FPM Power shall assume all equity contribution obligations of the Sellers under the Sponsor Support Agreement arising on or after the date of completion of the SPA, including the obligation to provide equity contributions of approximately S\$60 million (approximately US\$49 million or HK\$380 million) by the end of December 2013. The SPA also provides that the Sponsor Support Agreement will be restated with FPM Power becoming a party to the restated agreement.

The shareholders of GMRE are also subject to contingent equity contribution obligations of up to approximately US\$120 million and approximately S\$120 million (approximately US\$98 million) or in aggregate approximately US\$218 million (approximately HK\$1,697 million) for GMRE's potential deficiency in fulfilling gas supply payments, operating cash deficiency, shortfall to meet debt service coverage ratio, excess letter of credit fees and generally cost overruns. FPM Power, with its 70% interest in GMRE, is subject to contingent equity contribution obligations of up to approximately US\$84 million and approximately S\$84 million (approximately US\$68 million) or in aggregate approximately US\$152 million (approximately HK\$1,188 million). The Company and Meralco PowerGen guarantee 60% and 40%, respectively, of the contingent equity contribution obligations of FPM Power under the SPA on a several basis.

### **Consideration**

The SPA provides that the consideration payable by FPM Power under the SPA is approximately S\$600 million (approximately US\$488 million or HK\$3,805 million), subject to adjustments if the actual aggregate amount of the Sellers' equity contributions to GMRE as at completion of the SPA in accordance with the terms of the Finance Documents is different from the expected amount of equity contributions.

The consideration payable under the SPA, together with the obligation to provide equity contributions to GMRE in the amount of approximately S\$60 million (approximately US\$49 million or HK\$380 million), will be financed from internal resources of the Company and Meralco PowerGen on a 60:40 basis. The consideration payable under the SPA was determined on an arm's length basis following negotiations with the Sellers. In arriving at the consideration, the directors of FPM Power did not place reliance on any one single factor but considered numerous factors as a whole, including financial considerations such as discounted cash flow analysis

and relevant trading and transaction multiples, together with a broader range of strategic issues.

### **Security over Sale Shares**

The SPA provides that the Sale Shares will be pledged in favour of the creditors under the Project Financing Facilities.

### **Completion**

The completion of the SPA transaction is expected to be completed by 31 March 2013.

### **GUARANTEES GIVEN BY THE COMPANY, MERALCO POWERGEN AND GMR INFRASTRUCTURE LIMITED IN CONNECTION WITH THE SPA**

In connection with the SPA, the Company has entered into a deed of guarantee with the Sellers, pursuant to which the Company irrevocably and unconditionally (1) guaranteed to each of the Sellers the punctual performance by FPM Power of all of FPM Power's obligations under the SPA; and (2) agreed to indemnify and keep indemnified the Sellers from and against all and any losses, costs, claims, liabilities, damages, demands and expenses suffered or incurred by the Sellers arising from enforcement of the deed of guarantee, provided that the total amount recoverable from the Company under the deed of guarantee shall not exceed 60% of the consideration payable by FPM Power under the SPA. Meralco PowerGen has also entered into a deed of guarantee with the Sellers on similar terms as the deed of guarantee between the Company and the Sellers except that the total amount recoverable from Meralco PowerGen under its deed of guarantee shall not exceed 40% of the consideration payable by FPM Power under the SPA.

In addition, one of the Sellers, GMR Infrastructure Limited, has entered into a deed of guarantee with FPM Power, pursuant to which GMR Infrastructure Limited guaranteed the obligations of the other Seller, GMR Infrastructure (Singapore) Pte Limited, under the SPA.

### **LISTING RULES IMPLICATIONS**

One or more of the relevant percentage ratios in respect of the Acquisition exceeds 5% but all such percentage ratios are less than 25%. Accordingly, the Acquisition constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

### **REASONS FOR AND BENEFIT OF THE ACQUISITION**

The Acquisition represents an attractive investment opportunity in an advanced economy with a well-established regulatory framework for its electricity sector. With its two-unit model and use of high efficiency machines, the GMRE power plant has a competitive edge in the Singapore power market. Given that the GMRE power plant is an advanced construction fully financed by a long-tenor project financing facility and is expected to complete and commence operations by the end of 2013, there is limited development and construction risk involved in the Acquisition. In addition, the Acquisition meets one of FPM Power's objectives of owning a significant equity

interest in power generation assets. The Acquisition fulfills one of the Group's key investment objectives to invest in power related assets in Asia and is expected to achieve substantial benefits for the Shareholders.

The Directors consider that the Acquisition is in the interests of the Company and the Shareholders as a whole and that the terms of the SPA are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

**Completion of the Acquisition is subject to the fulfillment of certain conditions and may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Company's shares.**

## **INTRODUCTION**

The Board is pleased to announce that FPM Power (a non-wholly owned subsidiary of the Company) has entered into a sale and purchase agreement dated 4 March 2013 ("SPA") with the Sellers, pursuant to which FPM Power agreed to acquire from the Sellers, a 70% interest in GMRE, a company established for the construction, operation and maintenance of a two-unit natural gas fueled power plant in Singapore (the "Acquisition"). The GMRE power plant (when completed) is expected to have a total gross capacity of 800 megawatts and a total net capacity of 771 megawatts. The remaining 30% interest in GMRE will continue to be owned by Petronas Group. The Company has a 60% interest in FPM Power. The remaining 40% interest in FPM Power is owned by Meralco PowerGen.

## **PRINCIPAL TERMS OF THE SALE AND PURCHASE AGREEMENT**

### **Sale Shares and shareholders' loans**

Pursuant to the terms of the SPA, FPM Power agreed to purchase, and the Sellers agreed to sell:

- (a) the Sale Shares, representing, on a fully diluted basis, 70% of the share capital and voting rights of GMRE; and
- (b) approximately (as at 7 February 2013) US\$76 million and approximately (as at 7 February 2013) S\$100 million (approximately US\$81 million) or in aggregate approximately (as at 7 February 2013) US\$157 million or (approximately HK\$1,227 million) in principal amount of a shareholders loans due from GMRE and/or its subsidiary to the Sellers.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiry, the Sellers and their ultimate beneficial owners are third parties independent of the Company and its connected persons.

### **Equity contribution commitments**

GMRE and its subsidiary are parties to the Finance Documents, pursuant to which external creditors agreed to provide term loan facilities with a total commitment of approximately S\$670 million (approximately US\$545 million or HK\$4,249 million) and credit facilities with a total commitment of approximately US\$270 million (approximately HK\$2,106 million) to GMRE and its subsidiary ("Project Financing Facilities").

The SPA provides that, at completion, FPM Power shall assume all equity contribution obligations of the Sellers under the Sponsor Support Agreement arising on or after the date of completion of the SPA, including the obligation to provide equity contributions of approximately S\$60 million (approximately US\$49 million or HK\$380 million) by the end of December 2013. The SPA also provides that the Sponsor Support Agreement will be restated with FPM Power becoming a party to the restated agreement.

The shareholders of GMRE are also subject to contingent equity contribution obligations of up to approximately US\$120 million and approximately S\$120 million (approximately US\$98 million) or in aggregate approximately US\$218 million (approximately HK\$1,697 million) for potential GMRE's deficiency in fulfilling gas supply payments, operating cash deficiency, shortfall to meet debt service coverage ratio, excess letter of credit fees and generally cost overruns. FPM Power, with its 70% interest in GMRE, is subject to contingent equity contribution obligations of up to approximately US\$84 million and approximately S\$84 million (approximately US\$68 million) or in aggregate approximately US\$152 million (approximately HK\$1,188 million). The Company and Meralco PowerGen guarantee 60% and 40%, respectively, of the contingent equity contribution obligations of FPM Power under the SPA on a several basis.

### **Consideration**

The SPA provides that the consideration payable by FPM Power under the SPA is approximately S\$600 million (approximately US\$488 million or HK\$3,805 million), subject to adjustments if the actual aggregate amount of the Sellers' equity contributions to GMRE as at completion of the SPA in accordance with the terms of the Finance Documents is different from the expected amount of equity contributions. In the event that completion of the SPA occurs after 31 March 2013, the consideration payable by FPM Power under the SPA will increase by a daily amount of approximately S\$40,000 (approximately US\$32,520 or HK\$253,659).

The consideration payable under the SPA, together with the obligation to provide equity contributions to GMRE in the amount of approximately S\$60 million (approximately US\$49 million or HK\$380 million), will be financed from internal resources of the Company and Meralco PowerGen on a 60:40 basis. The consideration payable under the SPA was determined on an arm's length basis following negotiations with the Sellers. In arriving at the consideration, the directors of FPM Power did not place reliance on any one single factor but considered numerous factors as a whole, including financial considerations such as discounted cash flow analysis and relevant trading and transaction multiples, together with a broader range of strategic issues.

### **Security over Sale Shares**

The SPA provides that the Sale Shares will be pledged in favour of the creditors under the Project Financing Facilities.

## **Conditions precedent to completion of the SPA**

The SPA provides that completion of the SPA transaction is subject to certain conditions being fulfilled or waived (as the case may be) and such conditions include, among others, the following:

- (i) approval of the creditors to the extent required under the Finance Documents to effect the transactions contemplated by the SPA;
- (ii) release by the creditors under the Finance Documents of all obligations and liabilities of the Sellers (including the release of any security provided by the Sellers) under the Finance Documents, in a form and substance satisfactory to the Sellers;
- (iii) release of the charges over the Sale Shares to the benefit of the creditors under the Finance Documents in existence at the date of the SPA;
- (iv) the cancellation (by way of physical return or otherwise) of any letter of credit or similar security issued to support the obligations of the Sellers under the Sponsor Support Agreement;
- (v) no effect or likely effect which has, or would have, a material and adverse effect on (1) the consolidated assets of GMRE or its subsidiary, taken as a whole, with a financial impact equal to 10% or more of the consideration payable under the SPA or (2) the ability of the Sellers to perform their obligations under the SPA and ancillary documents thereto as a result of an insolvency event has occurred which has not been cured to the satisfaction of the parties to the SPA, and provided that such effect does not result from any global or regional economic or financial circumstances or crisis affecting generally all companies globally or regionally;
- (vi) no material default or event of default shall have occurred under the common terms agreement entered into in connection with the Project Financing Facilities; and
- (vii) no injunction or other order, legal or regulatory restraint or prohibition, preventing the consummation of the transactions contemplated by the SPA having been issued by any governmental authority or by any court or arbitration tribunal of competent jurisdiction and remaining in effect as at completion of the SPA.

## **Completion**

The completion of the SPA transaction is expected to be completed by 31 March 2013.

## **Deposit Amount and Termination**

FPM Power has paid a deposit amount of approximately S\$30 million (approximately US\$24 million or HK\$190 million) to an escrow agent to be held in escrow.

The SPA provides that FPM Power may terminate the SPA by sending a notice to such effect to the Sellers in the event of a material breach by the Sellers of any of the terms of the SPA which has not been cured by the Sellers to the reasonable satisfaction of FPM Power within 7 business days from such termination notice, in which case FPM Power will have the right to have the deposit amount returned on termination of the SPA.

The SPA provides that the Sellers may terminate the SPA by sending a notice to such effect to the FPM Power in the event of a material breach by FPM Power of any of the terms of the SPA which has not been cured by FPM Power to the reasonable satisfaction of the Sellers within 7 business days from such termination notice, in which case the Sellers will have the right to the deposit amount on termination of the SPA.

### **GUARANTEES GIVEN BY THE COMPANY, MERALCO POWERGEN AND GMR INFRASTRUCTURE LIMITED IN CONNECTION WITH THE SPA**

In connection with the SPA, the Company has entered into a deed of guarantee with the Sellers, pursuant to which the Company irrevocably and unconditionally (1) guaranteed to each of the Sellers the punctual performance by FPM Power of all of FPM Power's obligations under the SPA; and (2) agreed to indemnify and keep indemnified the Sellers from and against all and any losses, costs, claims, liabilities, damages, demands and expenses suffered or incurred by the Sellers arising from enforcement of the deed of guarantee, provided that the total amount recoverable from the Company under the deed of guarantee shall not exceed 60% of the consideration payable by FPM Power under the SPA. Meralco PowerGen has also entered into a deed of guarantee with the Sellers on similar terms as the deed of guarantee between the Company and the Sellers except that the total amount recoverable from Meralco PowerGen under the deed of guarantee shall not exceed 40% of the consideration payable by FPM Power under the SPA.

In addition, one of the Sellers, GMR Infrastructure Limited, has entered into a deed of guarantee with FPM Power, pursuant to which GMR Infrastructure Limited guaranteed the obligations of the other Seller, GMR Infrastructure (Singapore) Pte Limited, under the SPA.

### **LISTING RULES IMPLICATIONS**

One or more of the relevant percentage ratios in respect of the Acquisition exceeds 5% but all such percentage ratios are less than 25%. Accordingly, the Acquisition constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

### **INFORMATION IN RESPECT OF GMRE**

GMRE is a project company established in 1999 for the construction, operation and maintenance of a two-unit natural gas power plant in Jurong Island, Singapore. GMRE was granted an electricity licence and a gas licence by the Energy Market Authority of Singapore for electricity generation and shipping of gas within Singapore. GMRE's wholly owned subsidiary is licensed to retail electricity in Singapore. The GMRE power plant comprises two separate units and is expected to complete and commence operation by the end of 2013. Each unit (when completed) is expected to have a gross capacity of 400 megawatts (800 megawatts in total) and net capacity of 385.5 megawatts (771 megawatts in total). The estimated costs of the project are approximately S\$1,175 million (approximately US\$955 million or HK\$7,451 million). After completion of the SPA, GMRE will be owned as to 70% by FPM Power and as to 30% by Petronas Group.

The audited consolidated net assets of GMRE as at 30 June 2012 were approximately S\$110.4 million (approximately US\$89.8 million or HK\$700.1 million).

The audited consolidated results of GMRE for the year ended 30 June 2012 was a net loss of approximately S\$0.9 million (approximately US\$0.7 million or HK\$5.7 million) before tax and minority interests and a net loss of approximately S\$0.1 million (approximately US\$0.1 million or HK\$0.6 million) after tax and minority interests. The audited consolidated net profit of GMRE for the period ended 30 June 2011 was approximately S\$49.3 million (approximately US\$40.1 million or HK\$312.6 million) before tax and minority interests and approximately S\$49.3 million (approximately US\$40.1 million or HK\$312.6 million) after tax and minority interests.

### **INFORMATION IN RESPECT OF FPM POWER**

FPM Power is a non-wholly owned subsidiary of the Company. FPM Power is a recently organized company, which has been created to make investments in power projects and is owned directly or indirectly as to 60% by the Company and as to 40% by Meralco PowerGen, a wholly owned subsidiary of Meralco.

### **INFORMATION IN RESPECT OF THE SELLERS**

GMR Infrastructure Limited is a Bangalore headquartered global infrastructure with major interests in Airports, Energy, Highways and Urban Infrastructure. It has successfully employed the public-private partnership model to build a portfolio of high quality assets. GMR Infrastructure Limited has 18 power projects of which 6 are operational and 12 are under various stages of implementation and 9 road projects, of which 6 are operational and 3 are under construction. In the Airports sector, it has developed and commissioned the Greenfield International Airport at Hyderabad. GMR Infrastructure Limited, besides operating the existing Delhi International Airport, has also built a brand new integrated terminal T3 which was commissioned in time for the Commonwealth Games in October 2010. It has also upgraded the Istanbul Sabiha Gökçen International Airport and is operating it. GMR Infrastructure Limited is also committed to social development initiatives and executes these through its Corporate Social Responsibility arm, the GMR Varalakshmi Foundation. GMR Group has also ventured into Sports and through its subsidiary, GMR Sports, owns the IPL promoted Delhi's T-20 cricket team – the Delhi Daredevils.

GMR Infrastructure (Singapore) Pte Limited is a wholly owned subsidiary of GMR Infrastructure Limited. Its principal businesses are the development of infrastructure projects in the South East Asian region.

### **INFORMATION IN RESPECT OF THE COMPANY**

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.

### **REASONS FOR AND BENEFIT OF THE ACQUISITION**

The Acquisition represents an attractive investment opportunity in an advanced economy with a well-established regulatory framework for its electricity sector. With its two-unit model and use of high efficiency machines, the GMRE power plant has a competitive edge in the Singapore power market. Given that the GMRE power plant is an advanced construction fully financed by a long-tenor project financing facility and is expected to

complete and commence operations by the end of 2013, there is limited development and construction risk involved in the Acquisition. In addition, the Acquisition meets one of FPM Power's objectives of owning a significant equity interest in power generation assets. The Acquisition fulfills one of the Group's key investment objectives to invest in power related assets in Asia and is expected to achieve substantial benefits for the Shareholders.

The Directors consider that the Acquisition is in the interests of the Company and the Shareholders as a whole and that the terms of the SPA are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

**Completion of the Acquisition is subject to the fulfillment of certain conditions and may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Company's shares.**

## DEFINITIONS

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

“Board”	the board of Directors of the Company;
“Company”	First Pacific Company Limited, an exempted company incorporated in Bermuda with limited liability, and having its shares listed on the Stock Exchange;
“Director(s)”	the director(s) of the Company from time to time;
“Finance Documents”	the documents entered into between, <i>inter alia</i> , GMRE and its subsidiary and the creditors under the Project Financing Facilities, including the common terms agreement, as in effect at the date of the SPA, dated 12 July 2011 and amended on 23 December 2011 and the Sponsor Support Agreement;
“FPM Power”	FPM Power Holdings Limited, a 60% owned subsidiary of the Company, with the remaining 40% held by Meralco PowerGen;
“GMRE”	GMR Energy (Singapore) Pte Ltd.;
“Group”	the Company and/or its subsidiaries, 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;

“Meralco”	Manila Electric Company, a company listed on the Philippine Stock Exchange;
“Meralco PowerGen”	Meralco PowerGen Corporation, a wholly owned subsidiary of Manila Electric Company;
“Petronas Group”	Petronas International Limited and its subsidiary, Petronas Power Sdn. Bhd.;
“Sale Shares”	an aggregate of 78,950,591 ordinary shares in GMRE held by the Sellers representing, on a fully diluted basis, 70% of the issued share capital and voting rights of GMRE;
“Sellers”	collectively, GMR Infrastructure Limited and GMR Infrastructure (Singapore) Pte Limited;
“Shareholders”	shareholders of the Company;
“Sponsor Support Agreement”	the sponsor support agreement, as in effect at the date of the SPA, dated 12 July 2011 and amended and restated on 23 December 2011 entered into between, <i>inter alia</i> , GMRE and its subsidiary, the Sellers, Petronas Group and the creditors under the Project Finance Facilities;
“Singapore”	the Republic of Singapore;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“S\$”	Singapore dollars, the lawful currency of the Singapore; and
“US\$”	United States dollars, the lawful currency of the United States of America.

*Unless stated otherwise, translations of quoted currency values in this announcement are made on an approximate basis and at the rate of US\$1.00 = HK\$7.8 = S\$1.23. Percentages and figures expressed in millions and billions have been rounded.*

By Order of the Board  
**First Pacific Company Limited**  
**Manuel V. Pangilinan**  
*Managing Director and CEO*

Hong Kong, 4 March 2013

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

Anthoni Salim, *Chairman and Non-executive Director*

Manuel V. Pangilinan, *Managing Director and CEO*

Edward A. Tortorici, *Executive Director*

Robert C. Nicholson, *Executive Director*

Graham L. Pickles\*

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

Tedy Djuhar, *Non-executive Director*

Benny S. Santoso, *Non-executive Director*

Napoleon L. Nazareno, *Non-executive Director*

Jun Tang\*

Margaret Leung Ko May Yee\*, *SBS, JP*

Philip Fan Yan Hok\*

\* *Independent Non-executive Directors*