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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**

#### **METRO PACIFIC TOLLWAYS DEVELOPMENT CORPORATION AWARDED THE CEBU-CORDOVA BRIDGE PROJECT IN THE PHILIPPINES**

The Company is pleased to announce that MPTDC, an indirect subsidiary of MPIC in which MPIC owns an effective interest of 99.88%, has received notices of award from the City of Cebu and the Municipality of Cordova for the financing, design, construction, implementation, operation and maintenance of the Cebu-Cordova Bridge Project, subject to compliance with conditions precedent.

The Cebu-Cordova Bridge Project, which will be implemented through an unincorporated joint venture among MPTDC, the City of Cebu and Municipality of Cordova, is envisioned to decongest the traffic in the two existing bridges (Marcelo Fernan Bridge and Mandaue Bridge) between Mactan and Cebu, due to the worsening traffic condition in the area. It includes the construction of the connections to Cebu City and Cordova, the main bridge structure, viaduct, causeway, roadway and toll facilities. It is located around 7.5 kilometres south of the Mandaue Bridge and will take off from the Cebu South Coastal Road crossing the Mactan channel to Mactan Island.

The Cebu-Cordova Bridge Project is estimated to cost no more than Php 27.9 billion (equivalent to approximately US\$591.1 million or approximately HK\$4.6 billion), which includes the construction cost with inflation over a four-year period, the toll facilities and operating system, the right-of-way cost, and financing costs. As this is a new toll road, there is no book value to refer to. Funding will be sourced from a combination of loans from local banks and equity contribution. The construction of the project is targeted to start sometime in 2017 and is estimated to be completed by 2020.

The total equity investment by MPIC is estimated to be approximately Php 11.2 billion (equivalent to approximately US\$237.3 million or approximately HK\$1.9 billion). MPIC's financing plan for the proposed investment has yet to be finalized. It may involve funding from one or more, or a combination, of MPIC's internal resources, external equity and bank borrowings.

As the highest of the applicable percentage ratios (as set out in Rule 14.07 of the Listing Rules) in respect of MPIC's proposed investment in the Cebu-Cordova Bridge Project exceeds 5% but is less than 25%, MPIC's proposed investment in the Cebu-Cordova Bridge Project constitutes a discloseable transaction for the Company and is, therefore, required to be announced under Chapter 14 of the Listing Rules.

## **NOTICES OF AWARD IN RELATION TO THE CEBU-CORDOVA BRIDGE PROJECT**

The Company is pleased to announce that MPTDC, an indirect subsidiary of MPIC in which MPIC owns an effective interest of 99.88%, received notices of award from the City of Cebu and the Municipality of Cordova for the financing, design, construction, implementation, operation and maintenance of the Cebu-Cordova Bridge Project, subject to compliance with conditions precedent.

The grant of the awards is subject to the relevant authorities in the City of Cebu and the Municipality of Cordova reviewing the proposed joint venture agreement and other applicable documents to be entered into between the parties, and appropriately authorizing the respective Chief Executives of the local government units of the City of Cebu and the Municipality of Cordova to sign the joint venture agreement. Once these documents have been signed, the parties will have to seek various government approvals before the Cebu-Cordova Bridge Project can start, including securing an environmental clearance certificate and right-of-way and approval from the Toll Regulatory Board and the Philippine Reclamation Authority. The joint venture agreement and the concession agreement each remain subject to approval by the relevant government authorities.

The notices of award were issued by the City of Cebu and the Municipality of Cordova in favour of MPTDC after not having received any expression of interest to submit comparative proposals on or before 7 December 2015, the deadline indicated in the duly published Invitation to Bid and Submit Comparative Proposals for the Cebu-Cordova Bridge Project. The notices of award were issued to MPTDC on 23 December 2015 and announced by MPIC in the Philippines on 4 January 2016.

The Cebu-Cordova Bridge Project, which will be implemented through an unincorporated joint venture among MPTDC, the City of Cebu and Municipality of Cordova, is envisioned to decongest the traffic in the two existing bridges (Marcelo Fernan Bridge and Mandaue Bridge) between Mactan and Cebu, due to the worsening traffic condition in the area. It includes the construction of the connections to Cebu City and Cordova, the main bridge structure, viaduct, causeway, roadway and toll facilities. It is located around 7.5 kilometres south of the Mandaue Bridge and will take off from the Cebu South Coastal Road crossing the Mactan channel to Mactan Island.

The Cebu-Cordova Bridge Project is estimated to cost no more than Php 27.9 billion (equivalent to approximately US\$591.1 million or approximately HK\$4.6 billion), which includes the construction cost with inflation over a four-year period, the toll facilities and operating system, the right-of-way cost and the financing costs. As this is a new toll road, there is no book value to refer to. Funding for the project will be sourced from a combination of loans from local banks and equity contributions. The construction of the project is targeted to start sometime in 2017 and is estimated to be completed by 2020.

The total equity investment by MPIC is estimated to be approximately Php 11.2 billion (equivalent to approximately US\$237.3 million or approximately HK\$1.9 billion). MPIC's financing plan for the proposed investment has yet to be finalized. It may involve funding from one or more, or a combination, of MPIC's internal resources, external equity and bank borrowings.

When submitting the proposal for the Cebu-Cordova Bridge Project, MPIC has taken into account the projected traffic levels, the tariff as agreed with the City of Cebu and the Municipality of Cordova and the estimated cost to construct the toll road so as to allow anticipated returns to exceed MPIC's weighted average cost of capital.

## **REASONS FOR AND BENEFITS OF THE CEBU-CORDOVA BRIDGE PROJECT**

MPIC is seeking to expand its toll operations, which are currently only present in the National Capital Region (NCR), to other fast developing areas in the Philippines. After having studied the traffic conditions in Cebu Province, which is south of the NCR, MPIC has identified this region as an area requiring development of its road infrastructure, to help alleviate the traffic congestion in the area and further support the economic growth of the province, and considers that participation in the proposed project represents an attractive opportunity for MPIC to expand its area of operations, increase its traffic base and improve revenues and profitability.

The Directors believe that the terms of MPIC's proposed investment in the Cebu-Cordova Bridge Project are fair and reasonable and in the interests of the Company and its shareholders taken as a whole.

## **IMPLICATIONS UNDER THE LISTING RULES**

As the highest of the applicable percentage ratios (as set out in Rule 14.07 of the Listing Rules) in respect of MPIC's proposed investment in the Cebu-Cordova Bridge Project exceeds 5% but is less than 25%, MPIC's proposed investment in the Cebu-Cordova Bridge Project constitutes a discloseable transaction for the Company and is, therefore, required to be announced under Chapter 14 of the Listing Rules.

## **GENERAL**

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.

MPIC is a Philippine affiliate of the Company. It is an investment management and holding company focused on infrastructure development, and has common shares listed on the PSE. The Group has an approximately 52.1% economic interest in MPIC.

MPTDC is an indirect subsidiary of MPIC in which MPIC owns an effective interest of 99.88%. It is a holding company, the principal activity of which is to hold investments in toll road projects.

The governments of the City of Cebu and the Municipality of Cordova are the counterparties of the joint venture agreement to be entered into by MPTDC following the satisfaction of the conditions precedent. The City of Cebu and the Municipality of Cordova are the capital city and a municipality of the Province of Cebu respectively. To the best knowledge, information and belief of the Directors having made all reasonable enquiries, the governments of the City of Cebu and the Municipality of Cordova are third parties independent of the Company and its connected persons.

## **DEFINITIONS**

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

“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;
“connected person(s)”	has the same meaning ascribed to it in the Listing Rules;
“Cebu-Cordova Bridge Project”	the proposed 8.25-km toll road connecting Cebu City and Cordova;

“Director(s)”	the director(s) of the Company from time to time;
“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;
“MPIC”	Metro Pacific Investments Corporation, a company incorporated in the Philippines with limited liability, the shares of which are listed on the PSE;
“MPTDC”	Metro Pacific Tollways Development Corporation, a company incorporated in the Philippines with limited liability;
“Php”	Philippine Peso, the lawful currency of the Republic of the Philippines;
“PSE”	the Philippine Stock Exchange;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“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, 13 January, 2016

*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 47.2. Percentages and figures expressed have been rounded.*

As at the date of this announcement, the Board 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

Napoleon L. Nazareno

***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