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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

CONTRACT BETWEEN MPCALA HOLDINGS, INC. AND D.M. CONSUNJI, INC. IN RELATION TO THE CONSTRUCTION OF THE LAGUNA SEGMENT OF THE CAVITE-LAGUNA EXPRESSWAY IN THE PHILIPPINES

THE CONSTRUCTION CONTRACT

On 30 June 2017, MPCALA and Consunji entered into the Construction Contract, pursuant to which Consunji has agreed to construct and complete the Civil Works for the Laguna Segment of the Cavite-Laguna Expressway in the Philippines in accordance with the terms of the Construction Contract.

The contract price for the Project is Php7.2 billion (equivalent to approximately US\$142.9 million or HK\$1.1 billion), inclusive of taxes, subject to adjustments as provided for in the Construction Contract.

The contract price was determined after arm's length negotiations between MPCALA and Consunji and was based on normal commercial terms with reference to the expertise, experience and market position of Consunji, and the complexity, design, quality and quantity of the works for the Project, and the allocation of risks under the Construction Contract.

DIRECTORS' VIEW

The Directors (including the independent non-executive Directors) consider that the terms of the Construction Contract are fair and reasonable and that the entering into of the Construction Contract is on normal commercial terms or better (as far as the Company is concerned), in the ordinary and usual course of business of the Group and in the interests of the Company and its shareholders as a whole.

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 indirectly owns MPCALA as to approximately 99.9%. Accordingly, MPCALA is a subsidiary of the Group.

The Group has an approximately 51.3% interest in MWHC, the holding company of Maynilad Water Services, Inc., which 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. DMCI, being the 27.2% shareholder of MWHC, is a connected person of the Company. Consunji is a subsidiary of DMCI and is, therefore, a connected person of the Company. Accordingly, the entering into of the Construction Contract constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules.

The Construction Contract is on normal commercial terms or better (as far as the Company is concerned) and Consunji is a connected person of the Company at the subsidiary level. The Board has approved the entering into of the Construction Contract and the independent non-executive Directors have confirmed that the terms of the Construction Contract are fair and reasonable and that the entering into of the Construction Contract is on normal commercial terms or better (as far as the Company is concerned) and in the interests of the Company and its shareholders as a whole. Therefore, pursuant to Rule 14A.101 of the Listing Rules, entering into of the Construction Contract is exempt from the circular, independent financial advice and shareholders' approval requirements under Chapter 14A of the Listing Rules.

THE CONSTRUCTION CONTRACT

On 30 June 2017, MPCALA and Consunji entered into the Construction Contract, pursuant to which Consunji has agreed to construct and complete the Civil Works for the Laguna Segment of the Cavite-Laguna Expressway in the Philippines in accordance with the terms of the Construction Contract.

Major terms of the Construction Contract are summarized as follows:

Contract Price

The contract price for the Project is Php7.2 billion (equivalent to approximately US\$142.9 million or HK\$1.1 billion), inclusive of taxes, subject to adjustments as provided for in the Construction Contract.

During the period between the first day and the tenth day of a calendar month (the “**Relevant Period**”), Consunji may submit an application for payment in respect of any work items which have been successfully achieved in accordance with the Construction Contract in the month prior to the Relevant Period and/or during the Relevant Period. MPCALA shall, within 21 days of receiving the application for payment from Consunji, issue to Consunji a payment certificate certifying the amount which MPCALA fairly determines to be due, with supporting particulars. Following receipt of the payment certificate, Consunji shall deliver to MPCALA an invoice for an amount which is no more than the amount certified to be payable in the relevant payment certificate, and MPCALA shall pay such amount within 28 days from the date on which MPCALA receives Consunji’s invoice.

The contract price was determined after arm’s length negotiations between MPCALA and Consunji and was based on normal commercial terms with reference to the expertise, experience and market position of Consunji, and the complexity, design, quality and quantity of the works for the Project, and the allocation of risks under the Construction Contract.

Retention Amount

MPCALA is entitled to withhold a retention amount equivalent to 10% of the gross amount certified in each payment certificate, until MPCALA has retained an amount equal to 5% of the total contract price for the Project. MPCALA is entitled to withhold the retention amount until all outstanding works under the Construction Contract have been completed and all defects have been remedied in accordance with the terms of the Construction Contract.

Advance Payment

MPCALA shall make an advance payment as an interest-free loan to Consunji. The total advance payment shall be 15% of the Accepted Contract Price, to be paid in two tranches. 10% of the Accepted Contract Price shall be paid when Consunji submits an advance payment bond in the agreed form from a bank acceptable to MPCALA in the amount equal to the total advance payment. The remaining 5% shall be paid three months thereafter. The advance payment shall be repaid pro-rata to the percentage of progress certified by MPCALA’s representative on each payment certificate, and deduction shall commence from the payment of the first payment certificate. The amount of the advance payment bond shall be progressively reduced by the amount of the advance payment repaid by Consunji as indicated in the relevant payment certificates.

The contract price and the advance payment under the Construction Contract will be paid by MPCALA in cash and funded through shareholders' equity and bank financing.

The Construction Contract provides that MPCALA's obligations under the Construction Contract are subject to and conditional upon MPCALA securing financing, for the purposes of its payment obligations thereunder, on terms and conditions satisfactory to MPCALA.

Performance Security

Consunji shall obtain and deliver a Performance Security for the proper performance of the works under the Construction Contract, equal to 10% of the Accepted Contract Price, to MPCALA on or before the Commencement Date. Upon prior written request by MPCALA's representative, Consunji shall post an additional Performance Security to cover any cumulative increase in the contract price of more than 10% above the Accepted Contract Price.

The Performance Security shall be returned to Consunji within 14 days of the issue of the performance certificate by MPCALA certifying completion of Consunji's obligations under the Construction Contract.

Construction Period

Consunji shall commence the works on the seventh day from the date of Consunji's receipt of the notice to proceed from MPCALA. Consunji shall have 1,001 calendar days from the Commencement Date to complete the works.

Consunji shall be entitled to an extension of time for completion if the works are delayed due to (i) a variation or other substantial change in the quantity of an item of work included in the Construction Contract; (ii) any delay, impediment or prevention caused by or attributable to MPCALA or its personnel or other contractors; (iii) any change in legislations which affect Consunji's performance of its obligations under the Construction Contract; (iv) unforeseeable events including but not limited to riots, wars, ionising radiations, earthquakes and volcanic eruptions; or (v) other causes giving an entitlement to extension of time under the Construction Contract.

If Consunji fails to complete the works within the time for completion under Construction Contract (subject to any extension of time in accordance with the terms of the Construction Contract), Consunji shall pay to MPCALA delay damages calculated at the rate of one-tenth of 1% of the contract price for the Project per day, subject to a maximum amount of 10% of the contract price for the Project.

REASONS FOR AND BENEFITS OF ENTERING INTO THE CONSTRUCTION CONTRACT

Consunji is one of the Philippines' largest construction firms and historically has been considered among the best in terms of capacity and experience in Construction & Engineering. It has a proven track record of satisfactory performance and is managed by highly competent technical personnel that are committed to delivering projects on time without compromising quality.

It should be noted that Consunji's final commercial proposal is well within MPCALA's budgetary cost estimates thus ensuring substantial savings in the projected construction cost. Moreover, the said commercial proposal and the terms and conditions of the Construction Contract were finalized following a series of discussions and negotiations, and extensive review by and between Consunji and MPCALA.

Finally, complemented by its sound financial standing, MPCALA is confident in entrusting the Civil Works Construction of the CALAX Laguna Segment to Consunji.

The Directors (including the independent non-executive Directors) consider that the terms of the Construction Contract are fair and reasonable and that the entering into of the Construction Contract is on normal commercial terms or better (as far as the Company is concerned), in the ordinary and usual course of business of the Group and in the interests of the Company and its shareholders as a whole.

To the best of the Directors' knowledge and information, no Director has any material interest in, or otherwise is required to abstain from voting on, the Board resolutions considering and approving the Construction Contract and the transactions contemplated thereunder.

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 indirectly owns MPCALA as to approximately 99.9%. Accordingly, MPCALA is a subsidiary of the Group.

The Group has an approximately 51.3% interest in MWHC, the holding company of Maynilad Water Services, Inc., which 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. DMCI, being the 27.2% shareholder of MWHC, is a connected person of the Company. Consunji is a subsidiary of DMCI and is, therefore, a connected person of the Company. Accordingly, the entering into of the Construction Contract constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules.

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GENERAL

Consunji is a subsidiary of DMCI. It is principally engaged in Construction & Engineering Works, Real Estate (Property Development), Energy, Water and Mining.

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.

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

MPIC is a Philippine affiliate of the Company. MPIC is an investment management and holding company focused on infrastructure development and has its common shares listed on the Philippine Stock Exchange.

As at the date of this announcement, the Group has an approximately 55.0% voting interest and an approximately 42.0% economic interest in MPIC.

MPCALA is a special purpose vehicle for the Cavite-Laguna Expressway project. It is an indirect subsidiary of MPIC in which MPIC owns an effective interest of 99.99%. As disclosed in the Company's announcement dated 8 June 2015, MPCALA has been awarded the Cavite-Laguna Expressway project by the Philippine Department of Public Works and Highways.

The Cavite-Laguna Expressway is a 4-lane, 44.69-km closed-system tolled expressway which will connect the Cavite Expressway in Kawit, Cavite and the South Luzon Expressway via the Mamplasan Interchange in Binan, Laguna.

DEFINITIONS

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

“Accepted Contract Price”	Php7.2 billion (equivalent to approximately US\$142.9 million or HK\$1.1 billion), inclusive of taxes, agreed between MPCALA and Consunji for the works for the Project under the Construction Contract;
“Board”	Board of Directors of the Company;
“Commencement Date”	the date on which the execution of the works under the Construction Contract commences, being the seventh day from the date of Consunji’s receipt of the notice to proceed from MPCALA;
“Company”	First Pacific Company Limited, an exempted company incorporated in Bermuda and having its shares listed on The Stock Exchange of Hong Kong Limited;
“Construction Contract”	the contract dated 30 June 2017 entered into between MPCALA and Consunji in relation to the construction of the Laguna segment of the Cavite-Laguna Expressway;
“Consunji”	D.M. Consunji, Inc., a company incorporated in the Philippines;
“Director(s)”	the Director(s) of the Company;
“DMCI”	DMCI Holdings 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;
“MPCALA”	MPCALA Holdings, Inc. a company incorporated in the Philippines;
“MPIC”	Metro Pacific Investments Corporation, a company incorporated in the Philippines and having its shares listed on the Philippine Stock Exchange;
“MWHC”	Maynilad Water Holdings Company Inc., a company incorporated in the Philippines;
“Performance Security”	the performance security to be issued by an entity and from a jurisdiction approved by MPCALA, in the agreed form, for the proper performance of the works under the Construction Contract;
“Php”	Philippine Peso, the lawful currency of the Republic of the Philippines;
“Project”	the construction of the Laguna Segment of the Cavite-Laguna Expressway under the Construction Contract;
“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, 30 June 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 = Php50.4. 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

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