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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: www.firstpacific.com

(Stock Code: 00142)

DISCLOSEABLE TRANSACTION

SALE OF INTEREST IN METRO PACIFIC LIGHT RAIL CORPORATION BY METRO PACIFIC INVESTMENTS CORPORATION

THE SPA

On 28 May 2020 (after trading hours of the Stock Exchange), MPIC, a Philippine affiliate of the Company, in which the Group has a 42.2% economic interest as at the date of this announcement, entered into the SPA with Sumitomo.

Pursuant to the SPA, MPIC agreed to sell, and Sumitomo agreed to purchase, the Sale Shares representing MPIC's approximate 34.9% shareholding in MPLRC, for an aggregate consideration of approximately Php3 billion (equivalent to approximately US\$59.3 million or HK\$462.5 million), payable by Sumitomo in full in cash at Closing.

MPLRC has an aggregate 55% economic interest in LRMC, the operator of LRT 1 in the Philippines. Accordingly, upon Closing, Sumitomo will become beneficially interested in 19.2% of the issued and outstanding capital stock of LRMC.

Closing took place simultaneously with the entering into of the SPA on 28 May 2020 (after trading hours of the Stock Exchange), as all of the conditions precedent under the SPA had been fulfilled or waived (as the case may be).

Immediately prior to Closing, MPIC was beneficially interested in 100% of the issued and outstanding capital stock of MPLRC. Immediately following Closing, MPIC will remain beneficially interested in 65.1% of the issued and outstanding capital stock of MPLRC and the financial results of MPLRC and LRMC will continue to be consolidated with the Group's consolidated financial statements.

REASONS FOR AND BENEFITS OF THE TRANSACTION

The Directors believe that the sale of the Sale Shares in MPLRC to Sumitomo represents an excellent opportunity for MPIC to share its equity commitment for the LRT 1 project with a strategic investor. MPIC, through MPLRC, expects to benefit from the global rail and industry expertise of Sumitomo.

The Directors consider that the terms of the Transaction are fair and reasonable and that the Transaction is on normal commercial terms (as far as the Company is concerned) and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Transaction is 5% or more but all of the applicable percentage ratios are less than 25%, the Transaction is a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

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SUMMARY OF PRINCIPAL TERMS OF THE SPA

- Parties : (1) MPIC, as seller; and
(2) Sumitomo, as purchaser.
- Subject matter : MPIC agrees to sell, and Sumitomo agrees to purchase, the Sale Shares representing approximately 34.9% of the issued and outstanding capital stock of MPLRC, together with all benefits and rights attached thereto.
- Consideration : Approximately Php3 billion (equivalent to approximately US\$59.3 million or HK\$462.5 million), payable in full in cash at Closing.
- The consideration of approximately Php3 billion (equivalent to approximately US\$59.3 million or HK\$462.5 million) was determined after arm's length negotiations between MPIC and Sumitomo, after taking into account the value of the assets of MPLRC, the potential earnings of the business to be acquired and the other reasons for and benefits of the Transaction as set out in the section headed "Reasons for and Benefits of the Transaction" in this announcement.
- Fulfillment or if applicable, waiver of, Conditions Precedent; Closing : Closing is subject to customary conditions precedent including the obtaining of all applicable or necessary corporate approvals and regulatory approvals and/or confirmations, and the absence of any breach or fault by either party.
- Closing took place simultaneously with the entering into of the SPA on 28 May 2020 (after trading hours of the Stock Exchange), upon the fulfillment or waiver (as applicable) of all of the conditions precedent under the SPA.

REASONS FOR AND BENEFITS OF THE TRANSACTION

The Directors believe that the sale of the Sale Shares in MPLRC to Sumitomo represents an excellent opportunity for MPIC to share its equity commitment for the LRT 1 project with a strategic investor. MPIC, through MPLRC, expects to benefit from the global rail and industry expertise of Sumitomo.

It is expected that the partnership with Sumitomo would contribute to the efficiency of MPLRC's current operations and assist LRMC as it continues with the heavy works on the Cavite extension. The partnership with Sumitomo would enhance the ridership experience for the passengers LRMC serves and would provide the necessary support to ensure that Phase 1 of the Cavite extension would be delivered as soon as possible.

The Directors consider that the terms of the Transaction are fair and reasonable, and that the Transaction is on normal commercial terms (as far as the Company is concerned) and in the interests of the Company and the Shareholders as a whole.

FINANCIAL EFFECTS AND USE OF PROCEEDS FROM THE TRANSACTION

Immediately following Closing, MPIC will remain beneficially interested in 65.1% of the issued and outstanding capital stock of MPLRC and the financial results of MPLRC and LRMC will continue to be consolidated with the Group's consolidated financial statements. Accordingly, no gain or loss is to be recognized in the Group's consolidated statement of profit or loss for the year ending 31 December 2020 from the Transaction. Gain from the Transaction to be recognized in equity, is estimated at Php180 million (equivalent to approximately US\$3.6 million or HK\$27.7 million), net of estimated transaction costs and is based on unaudited financial results as of 30 April 2020.

MPIC expects to use the sale proceeds from the Transaction for its working capital requirements.

INFORMATION ON THE COMPANY

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

INFORMATION ON MPIC AND MPLRC

The Group indirectly holds a 42.2% economic interest in MPIC, which is one of the largest infrastructure investment management and holding company in the Philippines, with investments in the country's largest electricity distributor, toll road operator, water distributor and hospital group. MPIC also holds substantial investments in major light rail (namely LRT 1) and logistics operations, and in one of the largest electricity generator in the Visayas region of the Philippines.

MPLRC is an intermediate investment holding company. Immediately prior to Closing, MPIC was beneficially interested in 100% of the issued and outstanding capital stock of MPLRC, which has an aggregate 55% economic interest in LRMC, the operator of LRT 1 in the Philippines.

INFORMATION ON LRMC

LRMC is the operator of LRT 1 in the Philippines and the concessionaire for the LRT 1 project for the operation and maintenance of the existing LRT 1 system and the construction of the LRT 1 system extension to Cavite, the Philippines. MPLRC has an aggregate 55% economic interest in LRMC.

The audited net profits of LRMC in respect of its financial year ended 31 December 2019 were Php723 million (equivalent to approximately US\$14.0 million or HK\$109.2 million) before taxation and Php629 million (equivalent to approximately US\$12.2 million or HK\$95.2 million) after taxation.

The audited net profits of LRMC in respect of its financial year ended 31 December 2018 were Php802 million (equivalent to approximately US\$15.2 million or HK\$118.6 million) before taxation and Php645 million (equivalent to approximately US\$12.2 million or HK\$95.2 million) after taxation.

The audited net asset value of LRMC as at 31 December 2019 was Php13 billion (equivalent to approximately US\$256.7 million or HK\$2.0 billion).

INFORMATION ON SUMITOMO

Sumitomo is one of the largest Japanese trading and investment firms operating in 136 locations in 66 countries with over 72,000 employees. Sumitomo is listed on the Tokyo Stock Exchange with a market capitalization of around US\$16 billion (equivalent to approximately HK\$124.8 billion). The principal businesses of Sumitomo span a wide range of industries and sectors, including transportation and construction systems, metal products, infrastructure, media and digital, living related and real estate, and mineral resources, energy, chemical and electronics.

To the best of the knowledge, information and belief of the Directors and having made all reasonable enquiries, Sumitomo and its ultimate beneficial owners are third parties independent of the Company and its connected persons (as defined in the Listing Rules).

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Transaction is 5% or more but all of the applicable percentage ratios are less than 25%, the Transaction is a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

DEFINITIONS

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

“Company”	First Pacific Company Limited, an exempted company incorporated in Bermuda and having its shares listed on the Stock Exchange;
“Closing”	closing and completion of the sale and purchase of the Sale Shares in accordance with the provisions of the SPA;
“Directors”	the directors of the Company;
“Group”	the Company, its subsidiaries and its Philippine affiliates;
“HK\$”	Hong Kong dollar, 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;
“LRMC”	Light Rail Manila Corporation, a corporation duly organized and existing under the laws of the Philippines;
“LRT 1”	the Light Rail Transit system – Line 1 in the Philippines;
“MPIC”	Metro Pacific Investments Corporation, a corporation duly organized and existing under the laws of the Philippines and an affiliate of the Company;
“MPLRC”	Metro Pacific Light Rail Corporation, a corporation duly organized and existing under the laws of the Philippines;
“Php”	Philippine Peso, the lawful currency of the Philippines;

“Sale Shares”	12,176,630 common shares of MPLRC owned by MPIC, representing approximately 34.9% of the issued and outstanding share capital of MPLRC;
“Shareholders”	holders of shares in the Company;
“SPA”	the Share Purchase Agreement dated 28 May 2020 between MPIC and Sumitomo, relating to the sale by MPIC and the purchase by Sumitomo of the Sale Shares;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Sumitomo”	Sumitomo Corporation, a corporation duly organized and existing under the laws of Japan and having its shares listed on the Tokyo Stock Exchange;
“Transaction”	the sale and purchase of the Sale Shares in accordance with the provisions of the SPA;
“US\$”	US dollar, the lawful currency of the United States of America; and
“%”	per cent.

In this announcement, unless stated otherwise, translations of quoted currency values are made on an approximate basis and at the rate of US\$1.00 = Php50.60 = HK\$7.80. Percentages and figures expressed in millions and billions have been rounded.

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

Hong Kong, 29 May 2020

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

Executive Directors:

Manuel V. Pangilinan, *Managing Director and Chief Executive Officer*
Christopher H. Young, *Chief Financial Officer*

Non-executive Directors:

Anthoni Salim, *Chairman*
Benny S. Santoso
Tedy Djuhar
Axton Salim

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
Blair Chilton Pickerell