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## **FIRST PACIFIC COMPANY LIMITED**

### **第一太平洋有限公司**

*(Incorporated with limited liability under the laws of Bermuda)*

Website: [www.firstpacific.com](http://www.firstpacific.com)

**(Stock Code: 00142)**

## **DISCLOSEABLE TRANSACTION**

### **SALE OF ASSETS AND SHARES BY THE RHI GROUP TO UNIVERSAL ROBINA CORPORATION**

#### **THE DEEDS**

On 30 September 2020, members of the RHI Group entered into the Deeds with URC, pursuant to which members of the RHI Group agreed to sell, and URC agreed to purchase, the Assets and the NAVI Shares at the aggregate purchase price of Pph4.9 billion (equivalent to approximately US\$101.0 million or HK\$788.0 million), payable by URC in full in cash at Completion.

As at the date of this announcement, the Group has a 80.7% economic interest in FP Natural Resources, which has a 32.7% interest in RHI. A Philippine affiliate of FP Natural Resources holds an additional 30.2% interest in RHI. RHI is one of the largest integrated sugar and ethanol producers in the Philippines and its shares are listed on the Philippine Stock Exchange.

Completion took place simultaneously with the entering into of the Deeds on 30 September 2020, upon the fulfillment of all of the conditions precedent under each of the Deeds.

#### **REASONS FOR AND BENEFITS OF THE TRANSACTION**

The Transaction involved the sale of RHI's sugar mill and ethanol plant in La Carlota City, Negros Occidental and RHI's investment properties comprising the NAVI Shares. Following the Completion, RHI and its remaining subsidiaries aim to focus their resources on the sugar refinery and the ethanol facility operated by its other subsidiaries, Central Azucarera Don Pedro, Inc. and San Carlos Bioenergy, Inc.

## **DIRECTORS' VIEWS**

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 more than 5% 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.

## **THE DEEDS**

On 30 September 2020, members of the RHI Group entered into the Deeds with URC, pursuant to which members of the RHI Group agreed to sell, and URC agreed to purchase, the Assets and the NAVI Shares at the aggregate purchase price of Php4.9 billion (equivalent to approximately US\$101.0 million or HK\$788.0 million), payable by URC in full in cash at Completion.

## **SUMMARY OF PRINCIPAL TERMS OF THE DEEDS**

- Sellers : (1) CACI (in respect of the CACI Assets under the CACI Assets Deed)
- (2) CACI (in respect of the CACI Land under the CACI Land Deed)
- (3) RBC (in respect of the RBC Assets under the RBC Assets Deed)
- (4) RBC (in respect of the RBC Land under the RBC Land Deed)
- (5) RHI (in respect of the NAVI Shares under the NAVI Shares Deed)

Each of CACI and RBC is a wholly owned subsidiary of RHI.

Purchaser : URC, an independent third party

Subject matter : Members of the RHI Group agreed to sell, and URC agreed to purchase, the Assets and NAVI Shares comprising:

- (1) the CACI Assets under the CACI Assets Deed, consisting of (i) all buildings, improvements, machineries and equipment, and laboratory equipment that are necessary for the continuing operations of CACI's sugar milling plant located at Brgy. Esperanza, La Carlota City, Negros Occidental; and (ii) all spare parts inventory available for the operations of CACI's sugar milling plant;
- (2) the CACI Land under the CACI Land Deed, consisting of certain parcels of land with a total area of approximately 1,069,037 square meters situated at Brgy. Esperanza, La Carlota City, Negros Occidental on which the CACI Assets are located, including any other parcels of land necessary for continuing CACI's sugar milling operations;
- (3) the RBC Assets under the RBC Assets Deed, consisting of (i) all buildings, improvements, machineries and equipment, and laboratory equipment that are necessary for the continuing operations of bioethanol plant facility located at Brgy. Nagasi, La Carlota City, Negros Occidental; and (ii) all spare parts inventory available for the operations of RBC's bioethanol plant facility;
- (4) the RBC Land under the RBC Land Deed, a parcel of land covered by TCT No. T-11673 with a total area of approximately 391,826 square meters situated at Brgy. Nagasi, La Carlota City, Negros Occidental on which the RBC Assets are located, including any other parcels of land necessary for continuing RBC's bioethanol plant facility operations; and
- (5) the NAVI Shares under the NAVI Shares Deed, consisting of 520,115 common shares of the capital stock of NAVI, representing 95.8% of the total issued and outstanding capital stock of NAVI.

- Consideration : Php4.9 billion (equivalent to approximately US\$101.0 million or HK\$788.0 million) in aggregate payable in full in cash by URC at Completion, comprising the following:
- (1) for the CACI Assets, Php1,612,430,283 (equivalent to approximately US\$33.2 million or HK\$259.3 million);
  - (2) for the CACI Land, Php1,410,475,450 (equivalent to approximately US\$29.1 million or HK\$226.8 million);
  - (3) for the RBC Assets, Php1,459,018,150 (equivalent to approximately US\$30.1 million or HK\$234.6 million);
  - (4) for the RBC Land, Php275,808,841 (equivalent to approximately US\$5.7 million or HK\$44.4 million); and
  - (5) for the NAVI Shares, Php142,267,276 (equivalent to approximately US\$2.9 million or HK\$22.9 million).

The purchase price under each of the Deeds had been determined after arm's length negotiations between members of the RHI Group and URC, and represents the fair market value for each of the plant and equipment, building and land, and NAVI Shares sold under the respective Deeds, having regard to comparable market prices of similar assets and parcels of land and buildings located in the vicinity, and the potential earnings of the business sold.

- Conditions Precedent : The consummation of the Transaction was subject to customary conditions precedent including the obtaining of all requisite regulatory approvals, corporate approvals and other third party consents, including the requisite approval from the Philippine Competition Commission, and the required consents from lenders.

- Completion : Completion took place simultaneously with the entering into of the Deeds on 30 September 2020, upon the fulfillment of all of the conditions precedent under each of the Deeds.

## **REASONS FOR AND BENEFITS OF THE TRANSACTION; USE OF PROCEEDS FROM THE TRANSACTION**

The Transaction involved the sale of RHI's sugar mill and ethanol plant in La Carlota City, Negros Occidental and RHI's investment properties comprising the NAVI Shares. Following the Completion, RHI and its remaining subsidiaries aim to focus their resources on the sugar refinery and the ethanol facility operated by its other subsidiaries, Central Azucarera Don Pedro, Inc. and San Carlos Bioenergy, Inc.

RHI intends to use the sale proceeds from the Transaction to pare down the debts of the RHI Group through the prepayment of all long-term debt and reduction of short-term debt to levels sufficient for its working capital needs. The paring down of existing debts is expected to result in a stronger balance sheet for the RHI Group. The sale of the CACI Assets, in particular, will allow RHI to, among other things, refocus its resources and capacity on rebuilding its sugar milling and refining facilities and operations in Nasugbu, Batangas.

## **FINANCIAL EFFECTS OF THE TRANSACTION**

Following the Completion, no significant gain or loss is expected to be recognised by the Group as a result of the Transaction, given that the carrying costs for the Assets and the NAVI Shares in the Group's consolidated financial statements are roughly equivalent to the net aggregate consideration of Php4.4 billion (equivalent to approximately US\$90.7 million or HK\$707.6 million) (net of value added tax) payable by URC under the Deeds.

It is expected that RHI will recognise a net cash flow of approximately Php4.0 billion (equivalent to approximately US\$83.3 million or HK\$650.0 million) (net of value added tax, creditable withholding tax and capital gains tax).

Following the Completion, NAVI will cease to be a subsidiary of the Group and the assets, liabilities and financial results of NAVI will no longer be consolidated into the consolidated financial statements of the Group.

## **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, telecommunications, infrastructure and natural resources.

## **INFORMATION ON RHI, CACI AND RBC**

As at the date of this announcement, the Group has a 80.7% economic interest in FP Natural Resources, which has a 32.7% interest in RHI. A Philippine affiliate of FP Natural Resources holds an additional 30.2% interest in RHI.

RHI is one of the largest integrated sugar and ethanol producers in the Philippines. It manages sugar miller and refiner Central Azucarera Don Pedro, Inc. in Nasugbu, Batangas; sugar cane farm manager and operator RHI Agri-business Development Corporation in Batangas and Negros; and ethanol producer San Carlos Bioenergy, Inc. in San Carlos City. RHI is listed on the Philippine Stock Exchange.

CACI and RBC are wholly-owned subsidiaries of RHI. CACI operates a sugar milling facility in Brgy. Esperanza, La Carlota City, Negros Occidental. RBC is an accredited bioethanol producer under the Philippines' Biofuels Act of 2006, with its plant also located in La Carlota City, Negros Occidental.

### **INFORMATION ON THE ASSETS**

As at the date of this announcement, the aggregate unaudited carrying value of the Assets in the Group's unaudited consolidated statement of financial position as at 30 September 2020 was approximately Php4.3 billion (equivalent to approximately US\$88.7 million or HK\$691.5 million).

The audited net losses attributable to the CACI Assets in respect of the financial year ended 30 September 2019 were Php402.5 million (equivalent to approximately US\$7.8 million or HK\$60.9 million) before taxation and Php559.8 million (equivalent to approximately US\$10.9 million or HK\$84.7 million) after taxation. The audited net profits attributable to the CACI Assets in respect of the financial year ended 30 September 2018 were Php59.2 million (equivalent to approximately US\$1.1 million or HK\$8.8 million) before taxation and Php35.2 million (equivalent to approximately US\$0.7 million or HK\$5.2 million) after taxation.

The audited net losses attributable to the RBC Assets in respect of the financial year ended 30 September 2019 were Php57.4 million (equivalent to approximately US\$1.1 million or HK\$8.7 million) before taxation and Php50.4 million (equivalent to approximately US\$1.0 million or HK\$7.6 million) after taxation. The audited net profits attributable to the RBC Assets in respect of the financial year ended 30 September 2018 were Php434.5 million (equivalent to approximately US\$8.2 million or HK\$64.3 million) before taxation and Php401.9 million (equivalent to approximately US\$7.6 million or HK\$59.5 million) after taxation.

### **INFORMATION ON NAVI**

NAVI is a 95.8% subsidiary of RHI prior to the Completion. It is organized as a company engaged in the business of agricultural and industrial development. NAVI owns several parcels of agricultural land and leases them out for sugar cane production. The operations of NAVI are necessary for the continuing operations of the Assets.

The audited net profits of NAVI in respect of its financial year ended 30 September 2019 were Php25.2 million (equivalent to approximately US\$0.5 million or HK\$3.8 million) before taxation and Php17.7 million (equivalent to approximately US\$0.3 million or HK\$2.7 million) after taxation. The audited net profits of NAVI in respect of its financial year ended 30 September 2018 were Php4.6 million (equivalent to approximately US\$0.1 million or HK\$0.7 million) before taxation and Php3.2 million (equivalent to approximately US\$0.07 million or HK\$0.5 million) after taxation. The audited net asset value of NAVI as at 30 September 2019 was Php82.1 million (equivalent to approximately US\$1.6 million or HK\$12.6 million).

## **INFORMATION ON URC**

URC was founded in 1954 when Mr. John Gokongwei, Jr. established Universal Corn Products, Inc., a cornstarch manufacturing plant in Pasig. URC is involved in a range of food-related businesses, including the manufacture and distribution of branded consumer foods; production of hogs and poultry; manufacture of animal feeds and veterinary products; flour milling; and sugar milling and refining. URC also ventured in the renewables business for sustainability through distillery and cogeneration divisions. URC operates its food business through operating divisions and wholly-owned or majority-owned subsidiaries that are organized into three core business segments, namely, branded consumer foods, agro-industrial products and commodity food products.

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

## **DIRECTORS' VIEWS**

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.

## **DEFINITIONS**

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

“Assets”	collectively, (1) the assets to be disposed of by CACI to URC under the CACI Assets Deed, (2) the land to be disposed of by CACI to URC under the CACI Land Deed, (3) the assets to be disposed of by RBC to URC under the RBC Assets Deed and (4) the land to be disposed of by RBC to URC under the RBC Land Deed, details of which are set forth in the paragraph headed “The Deeds – Summary of Principal Terms of the Deeds – Subject Matter” of this announcement;
“CACI”	Central Azucarera de La Carlota, Inc., a corporation duly organized and existing under and by virtue of the laws of the Philippines and a wholly-owned subsidiary of RHI;

“CACI Assets”	has the meaning ascribed to it in the paragraph headed “The Deeds – Summary of Principal Terms of the Deeds – Subject Matter” of this announcement;
“CACI Assets Deed”	the deed of absolute sale of assets dated 30 September 2020 by and between CACI (as seller) and URC (as buyer), relating to the sale by CACI and the purchase by URC of the CACI Assets;
“CACI Land”	has the meaning ascribed to it in the paragraph headed “The Deeds – Summary of Principal Terms of the Deeds – Subject Matter” of this announcement;
“CACI Land Deed”	the deed of absolute sale of land dated 30 September 2020 by and between CACI (as seller) and URC (as buyer), relating to the sale by CACI and the purchase by URC of the CACI Land;
“Company”	First Pacific Company Limited, an exempted company incorporated in Bermuda and having its shares listed on the Stock Exchange;
“Completion”	collectively, the completion of the sale and purchase of each of the Assets and the NAVI Shares in accordance with the provisions of the Deeds;
“Deeds”	collectively, the CACI Assets Deed, the CACI Land Deed, the RBC Assets Deed, the RBC Land Deed and the NAVI Shares Deed;
“Directors”	the directors of the Company;
“FP Natural Resources”	FP Natural Resources Limited, a company incorporated under the laws of the British Virgin Islands, in which the Group has a 80.7% economic interest;
“Group”	together, the Company and its subsidiaries;
“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;
“NAVI”	Najalin Agri-Ventures, Inc., a corporation duly organized and existing under the laws of the Philippines and a 95.8% owned subsidiary of RHI;



“NAVI Shares”	520,115 shares of stock in NAVI beneficially owned by RHI, representing 95.8% of the total issued and outstanding capital stock of NAVI;
“NAVI Shares Deed”	the deed of absolute sale of shares dated 30 September 2020 between RHI (as seller) and URC (as buyer), relating to the sale by RHI and the purchase by URC of the NAVI Shares;
“Php”	Philippine Peso, the lawful currency of the Philippines;
“RBC”	Roxol Bioenergy Corporation, a corporation duly organized and existing under the laws of the Philippines and a wholly owned subsidiary of RHI;
“RBC Assets”	has the meaning ascribed to it in the paragraph headed “The Deeds – Summary of Principal Terms of the Deeds – Subject Matter” of this announcement;
“RBC Assets Deed”	the deed of absolute sale of assets dated 30 September 2020 by and between RBC (as seller) and URC (as buyer), relating to the sale by RBC and the purchase by URC of the RBC Assets;
“RBC Land”	has the meaning ascribed to it in the paragraph headed “The Deeds – Summary of Principal Terms of the Deeds – Subject Matter” of this announcement;
“RBC Land Deed”	the deed of absolute sale of land dated 30 September 2020 by and between RBC (as seller) and URC (as buyer), relating to the sale by RBC and the purchase by URC of the RBC Land;
“RHI”	Roxas Holdings, Inc., a company duly organized and existing under the laws of the Philippines and having its common shares listed on the Philippine Stock Exchange;
“RHI Group”	collectively, RHI, CACI and RBC;
“Shareholders”	holders of the shares in the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Transaction”	the sale and purchase of the Assets and NAVI Shares in accordance with the provisions of the Deeds;
“URC”	Universal Robina Corporation, a corporation duly organized and existing under the laws of the Philippines, an independent third party;

“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 = Php48.50 = HK\$7.80. Percentages and figures expressed in millions have been rounded.*

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

Hong Kong, 30 September 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