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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)

CONTINUING CONNECTED TRANSACTIONS

INTRODUCTION

Reference is made to the Company's announcement dated 28 August 2020 regarding completion of the Pinehill Acquisition (being the acquisition by ICBP, a subsidiary of the Company, of the Pinehill Group, as described in the Company's shareholders' circular dated 23 June 2020).

Upon completion of the Pinehill Acquisition, Pinehill became a wholly owned subsidiary of ICBP and a consolidated subsidiary of each of Indofood and the Company.

ANNOUNCEMENT MADE PURSUANT TO RULE 14A.60 OF THE LISTING RULES

The Pinehill Group is party to certain continuing transactions with the Counterparties relating to the sale of noodles products, which were entered into prior to the Pinehill Acquisition. Such Distribution Business Transactions became continuing connected transactions of the Company as a result of completion of the Pinehill Acquisition.

This announcement is made pursuant to Rule 14A.60 of the Listing Rules, to comply with the disclosure requirements under that Rule in respect of the Distribution Business Transactions.

If any of the agreements in respect of the Distribution Business Transactions is renewed, or its respective terms varied, the Company will comply with the applicable connected transaction requirements at the relevant time, as required by Rule 14A.60 of the Listing Rules.

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This announcement is made pursuant to Rule 14A.60 of the Listing Rules, to comply with the disclosure requirements under that Rule in respect of the Distribution Business Transactions.

Details of the Distribution Business Transactions are set forth in the Table below:

Table – The Distribution Business Transactions with substantial shareholders of the Company's subsidiaries and proposed Annual Caps for the years ending 31 December 2020, 2021 and 2022

Distribution Business Transaction No.	Parties to the agreement/arrangement		Nature of agreement/arrangement	Proposed Annual Caps ⁽ⁱ⁾ (US\$ millions)		
	Name of entity of the Group	Name of connected person		For the year ending 31 December 2020 ⁽ⁱⁱ⁾	For the year ending 31 December 2021	For the year ending 31 December 2022
(a)	Indofood Group/ Pinehill Group	SBTC	The Indofood Group/Pinehill Group sells noodles products to SBTC as distributor.	88.5	298.0	338.9
(b)	Indofood Group/ Pinehill Group	TJTI	The Indofood Group/Pinehill Group sells noodles products to TJTI as distributor.	6.0	20.3	24.2
Aggregated Annual Caps:				94.5	318.3	363.1

Note:

(i) *Rounded to the nearest US\$ million.*

(ii) *For the four months following the completion of the Pinehill Acquisition.*

The proposed Annual Caps for the Distribution Business Transactions in the Table above are estimated transaction values based on the actual sales volume growth for the relevant Distribution Business Transactions in 2019. For the Distribution Business Transaction numbered (a), the actual sales volume increased by approximately 20% in 2019 (from 576 million packs in 2018 to 691 million packs in 2019) which is in line with the average approximate 20% increase in estimated sales volume from 2019 (691 million packs) to 2022 (1,096 million packs). For the Distribution Business Transaction numbered (b), the actual sales volume increased by approximately 36% in 2019 (from 53 million packs in 2018 to 72 million packs in 2019) which is also in line with the average approximate 31% increase in estimated sales volume from 2019 (72 million packs) to 2022 (140 million packs). No change in the selling price is assumed during the projection period. A 25% buffer is also adopted when setting the Annual Caps, to allow flexibility in accommodating the uncertainty in the growth rate of demand for instant noodle products in the existing targeted markets and/or the possible unexpected increase in transaction amount due to one-off and/or occasional event(s).

Each of the Distribution Business Transactions in the Table above became a continuing connected transaction of the Company under Rule 14A.31 of the Listing Rules as a result of completion of the Pinehill Acquisition because:

- (i) Pinehill and each of its subsidiaries became a consolidated subsidiary of the Company on completion of the Pinehill Acquisition; and
- (ii) each of the Counterparties to the Distribution Business Transactions is a substantial shareholder of a subsidiary of Pinehill and, therefore, became a connected person of the Company on completion of the Pinehill Acquisition by reason of becoming a substantial shareholder of the Company's subsidiary. Further details on the Counterparties are set forth in the paragraph headed "Information in respect of the Counterparties to the Distribution Business Transactions" below.

PRINCIPAL TERMS OF THE TRANSACTIONS

	Distribution Business Transaction numbered (a)	Distribution Business Transaction numbered (b)
Parties	The Indofood Group/Pinehill Group as seller; and SBTC as purchaser/distributor.	The Indofood Group/Pinehill Group as seller; and TJTI as purchaser/distributor.
Duration	Five years and thereafter renewable for successive term(s) of five years, subject to the fulfilment of the applicable requirements under Rule 14A.52 of the Listing Rules for the same period.	One year and thereafter renewable for successive term(s) of one year, subject to the compliance with any applicable requirements under the Listing Rules.
Nature of the transaction	Distribution by SBTC of the noodles products purchased from the Indofood Group/ Pinehill Group.	Distribution by TJTI of the noodles products purchased from the Indofood Group/ Pinehill Group.
Pricing and payment terms	The price for the noodles products payable by SBTC to the Indofood Group/Pinehill Group is based on the distribution buying price for the Kingdom of Saudi Arabia on an ex-factory basis or a free on board (FOB) basis and will be indicated on the relevant invoices. Payment is due between 30 days to 60 days from the date of the relevant invoices.	The price for the noodles products payable by TJTI to the Indofood Group/Pinehill Group is based on the distribution buying price for Jordan on a free on board (FOB) basis or a cost, insurance and freight (CIF) basis and will be indicated on the relevant invoices. Payment is due between 30 days to 60 days from the date of the relevant invoices.
Security or guarantee provided by the Counterparty	None.	None.

REASONS FOR ENTERING INTO THE TRANSACTIONS AND EXPECTED BENEFITS

SBTC is the distributor of PAFL, a member of the Pinehill Group and the Indofood Group. Distribution Business Transaction numbered (a) above enables the Indofood Group to distribute products under the trademark of “Indomie” in the Kingdom of Saudi Arabia. Similarly, TJTI is a distributor of the Indofood Group, and Distribution Business Transaction numbered (b) above enables the Indofood Group to distribute products under the trademark of “Indomie” in Jordan.

VIEWS OF THE DIRECTORS

The Directors (including the independent non-executive Directors) believe that the terms of the Distribution Business Transactions are fair and reasonable and in the interests of the Company and its shareholders as a whole and that the Distribution Business Transactions are on normal commercial terms and in the ordinary and usual course of business of the Group.

LISTING RULES IMPLICATIONS

This announcement is made pursuant to Rule 14A.60 of the Listing Rules, to comply with the disclosure requirements in respect of the Distribution Business Transactions.

If any of the agreements in respect of the Distribution Business Transactions is renewed, or its respective terms varied, the Company will comply with the applicable connected transaction requirements at the relevant time, as required by Rule 14A.60 of the Listing Rules.

Each of the Counterparties is a connected person of the Company at the subsidiary level. It is anticipated that, at the time of any future renewal or variation of the terms of any of the agreements in respect of the Distribution Business Transactions, the exemption under Rule 14A.101 of the Listing Rules for transactions between the Group and persons connected at the subsidiary level would apply, such that the renewal or variation would be exempt from the circular, independent financial advice and shareholders' approval requirements under Chapter 14A of the Listing Rules, provided that (i) the Board approves the relevant renewal or variation and (ii) the independent non-executive Directors are of the opinion that the relevant renewal or variation is fair and reasonable, 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.

None of the Directors was considered to have a material interest in the Distribution Business Transactions. Therefore, at the relevant Board meeting, no Director abstained from voting on the resolution to approve the publication of this announcement.

INFORMATION IN RESPECT OF THE COUNTERPARTIES TO THE TRANSACTIONS

SBTC is a company incorporated in the Kingdom of Saudi Arabia and is principally engaged in the food distribution business. SBTC is a company owned by the Said Bawazir family. The Said Bawazir family is engaged in food distribution and related businesses in the Kingdom of Saudi Arabia. Save for SBTC being an affiliate of a 41% shareholder of PAFL, a subsidiary of the Pinehill Group, SBTC and the Said Bawazir family are otherwise not related to or connected with the Group.

TJTI is a company incorporated in Jordan and is principally engaged in the food distribution business. TJTI is a company owned by the Al Shourafa family. The Al Shourafa family is engaged in food distribution and related businesses in Jordan. Save for TJTI being an affiliate of Al Shourafa Investment LLC, Jordan, a 20% shareholder of Indoadriatic Industry doo Beograd Serbia (a subsidiary of the Pinehill Group in Serbia), TJTI and the Al Shourafa family are otherwise not related to or connected with the Group.

INFORMATION IN RESPECT OF THE COMPANY, THE INDOFOOD GROUP AND THE PINEHILL GROUP

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, telecommunications, infrastructure and natural resources.

Indofood is a leading Total Food Solutions company with operations in all stages of food manufacturing from the production of raw materials and their processing through to consumer products and distribution to the market. It is based and listed on the IDX. Through its four complementary Strategic Business groups, the Indofood Group manufactures and distributes a wide range of food products.

Pinehill is an investment holding company established under the laws of the British Virgin Islands. The Pinehill Group is engaged in the manufacture and sale of instant noodles, principally in eight countries under the “Indomie” brand. In order of importance, its key markets are the Kingdom of Saudi Arabia, Nigeria, Egypt, Turkey, Serbia, Ghana, Morocco and Kenya, with a total population of approximately 550 million. The Pinehill Group has 12 factories with an annual production capacity of 10 billion packs of instant noodles. Pinehill’s markets are at an early stage of growth in terms of both volumes and profitability. As described in the Company’s announcement dated 28 August 2020, following the completion of the Pinehill Acquisition by ICBP, a subsidiary of the Company, Pinehill became a wholly owned subsidiary of ICBP and the financial results of the Pinehill Group will be consolidated in the Company’s financial results.

DEFINITIONS

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

“Annual Cap(s)”	the estimated maximum annual value in relation to a continuing connected transaction, as required by Rule 14A.53 of the Listing Rules;
“Board”	board of Directors;
“Company”	First Pacific Company Limited, an exempted company incorporated in Bermuda with limited liability, and having its shares listed on the Stock Exchange;
“Counterparties”	collectively, SBTC and TJTI, the counterparties to the Distribution Business Transactions, as more particularly described in the paragraph headed “Information in respect of the Counterparties to the Distribution Business Transactions” in this announcement;

“Director(s)”	the director(s) of the Company;
“Distribution Business Transactions”	collectively, the continuing connected transactions between the Indofood Group/Pinehill Group and the Counterparties specified in the Table above in this announcement;
“Group”	the Company and its subsidiaries from time to time;
“Hong Kong”	The Hong Kong Special Administrative Region of the People’s Republic of China;
“ICBP”	PT Indofood CBP Sukses Makmur Tbk, a company incorporated in Indonesia and listed on the IDX, in which Indofood has an 80.5% interest and which is a subsidiary of the Company;
“IDX”	the Indonesia Stock Exchange;
“Indofood”	PT Indofood Sukses Makmur Tbk, a company incorporated in Indonesia, which is a 50.1% owned subsidiary of the Company and which has its shares listed on the IDX;
“Indofood Group”	Indofood and its subsidiaries;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“PAFL”	Pinehill Arabia Food Limited, a company incorporated in the Kingdom of Saudi Arabia and is owned as to 59% by Pinehill;
“Pinehill”	Pinehill Company Limited, a company incorporated in the British Virgin Islands which became a wholly owned subsidiary of ICBP, and a consolidated subsidiary of the Company, on completion of the Pinehill Acquisition;
“Pinehill Acquisition”	the acquisition by ICBP of the entire issued share capital of Pinehill described in the Company’s shareholders’ circular dated 23 June 2020;
“Pinehill Group”	Pinehill and its subsidiaries;

“SBTC”	Said Bawazir Trading Corp, a company incorporated in the Kingdom of Saudi Arabia, one of the Counterparties, as more particularly described in the paragraph headed “Information in respect of the Counterparties to the Distribution Business Transactions” in this announcement;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“TJTI”	Tasali Jordan Trading Institute, a company incorporated in Jordan, one of the Counterparties, as more particularly described in the paragraph headed “Information in respect of the Counterparties to the Distribution Business Transactions” in this announcement; and
“US\$”	United States dollars, the lawful currency of the United States of America.

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

Hong Kong, 15 October 2020

As at the date of this announcement, the Board 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