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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)

CONNECTED TRANSACTION

SUBSCRIPTION OF NEW SHARES BY PT SALIM IVOMAS PRATAMA TBK IN PT MENTARI SUBUR ABADI

MSA SUBSCRIPTION

Pursuant to a resolution of the shareholders of PT Mentari Subur Abadi (MSA) passed on 31 December 2020, the shareholders of MSA have approved (i) the increase in authorized share capital of MSA and (ii) the issuance and allotment by MSA and the subscription by PT Salim Ivomas Pratama Tbk (SIMP) of the MSA Subscription Shares, for the Subscription Price of Rp806,897 million (equivalent to approximately US\$57.1 million or HK\$445.4 million), to be satisfied by SIMP in cash.

MSA is a joint venture plantation company between SIMP and the Salim Group. Prior to completion of the MSA Subscription, SIMP owns approximately 55.8% in MSA directly, and together with a further effective economic interest of approximately 4.2% in MSA through its 60% economic interest in IGER, SIMP has an effective economic interest of approximately 60% in MSA. The Salim Group, through its 40% economic interest in IGER and together with GSS and GU, are interested in the remaining approximate 40% interest in MSA. Prior to completion of the MSA Subscription, the Group has an economic interest of approximately 29.9% in SIMP and accordingly, an economic interest of approximately 17.9% in MSA.

Following completion of the MSA Subscription, the issued share capital of MSA, as enlarged by the allotment and issuance of the MSA Subscription Shares, will be directly and indirectly owned as to approximately 80% by SIMP, and directly and indirectly owned as to approximately 20% by the Salim Group. Following completion of the MSA Subscription, the Company will have an indirect economic interest of approximately 23.9% in MSA and MSA will remain as an indirect non-wholly owned subsidiary of each of SIMP and the Company.

DIRECTORS' VIEWS

The Directors (including the independent non-executive Directors) consider that the terms of the MSA Subscription are fair and reasonable and that the MSA Subscription 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.

As each of Mr. Salim and Mr. Axton Salim (a non-executive Director and an associate of Mr. Salim) has or may be regarded as having a material interest in the connected transaction referred to in this announcement, each of them has abstained from voting on the resolution of the Board approving the MSA Subscription. Save for the aforementioned, none of the other Directors has a material interest in the connected transaction described in this announcement.

LISTING RULES IMPLICATIONS

The Group has approximately 50.1% economic interest in Indofood. Indofood has an approximate 71.7% effective economic interest in IndoAgri, which in turn owns 73.5% in SIMP. Together with the Indofood Group's 7.0% direct interest in SIMP, Indofood has an effective economic interest of approximately 59.6% in SIMP. Accordingly, SIMP is a subsidiary of Indofood (and, therefore, of the Company).

Mr. Salim is the Chairman of the Board, a substantial shareholder of the Company and the President Director and CEO of Indofood. MSA is a connected subsidiary of the Company by virtue of Rule 14A.16 of the Listing Rules, because it is a non-wholly owned subsidiary of SIMP (and, therefore, of the Company) and Mr. Salim and companies controlled by him control 10% or more of its voting power. Accordingly, the MSA Subscription by SIMP constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios in respect of the MSA Subscription exceed 0.1% but all of the applicable percentage ratios are less than 5%, the MSA Subscription is subject to the announcement and reporting requirements, but is exempt from the independent shareholders' approval requirement, under Chapter 14A of the Listing Rules.

MSA SUBSCRIPTION

Pursuant to a resolution of the shareholders of MSA passed on 31 December 2020, the shareholders of MSA have approved (i) the increase in authorized share capital of MSA and (ii) the issuance and allotment by MSA and the subscription by SIMP of the MSA Subscription Shares, for the Subscription Price of Rp806,897 million (equivalent to approximately US\$57.1 million or HK\$445.4 million), to be satisfied by SIMP in cash.

The principal terms of the MSA Subscription are summarized as follows:

Parties

- (1) SIMP as subscriber
- (2) MSA as issuer

MSA Subscription Shares

The MSA Subscription Shares, when issued and fully paid up, will rank *pari passu* in all respects among themselves and with all the shares of MSA in issue as at the date of allotment and issuance of the MSA Subscription Shares.

Each of the existing shareholders of MSA is entitled to pre-emptive rights to subscribe for such number of shares at the Subscription Price in order to retain their respective shareholding percentage in MSA. Each of the other existing shareholders of MSA, being GSS, GU and IGER, has waived their respective pre-emptive rights in relation to the MSA Subscription. Prior to completion of the MSA Subscription, SIMP directly owns approximately 55.8% in MSA. GSS, GU and IGER directly owns approximately 25.1%, 12.2% and 6.9% in MSA, respectively.

Prior to completion of the MSA Subscription, SIMP owns approximately 55.8% in MSA directly, and together with a further effective economic interest of approximately 4.2% in MSA through its 60% economic interest in IGER, SIMP has an effective economic interest of approximately 60% in MSA. The Salim Group, through its 40% economic interest in IGER and together with GSS and GU, are interested in the remaining approximate 40% interest in MSA. Prior to completion of the MSA Subscription, the Company has an indirect economic interest of approximately 29.9% in SIMP and accordingly, an economic interest of approximately 17.9% in MSA.

The increasing of authorized capital of MSA is subject to the approval from the Ministry of Justice of Indonesia which is expected to be obtained sometime in January 2021, following which, upon completion of the MSA Subscription, the issued share capital of MSA, as enlarged by the allotment and issuance of the MSA Subscription Shares, will be directly and indirectly owned as to approximately 80% by SIMP, and directly and indirectly owned as to approximately 20% by the Salim Group. Following completion of the MSA Subscription, the Company will have an indirect economic interest of approximately 23.9% in MSA and MSA will remain as an indirect non-wholly owned subsidiary of each of SIMP and the Company.

Save for customary share transfer provisions in the articles of association of MSA, including those relating to pre-emptive rights and rights of first refusal, there is no restriction on the subsequent sale of the MSA Subscription Shares by SIMP.

Subscription Price

The Subscription Price for the MSA Subscription Shares is Rp806,897 million (equivalent to approximately US\$57.1 million or HK\$445.4 million).

Basis of determination of the Subscription Price

The Subscription Price of Rp1 million (equivalent to approximately US\$71 or HK\$552) per MSA Subscription Share was arrived at by reference to the value of the nominal value of the shares of MSA (being Rp1 million per share of MSA), and is supported by a fairness opinion obtained by SIMP in accordance with the rules of the IDX from KJPP Desmar, Ferdinand, Hentriawan & Rekan, an independent party, in respect of the MSA Subscription.

INFORMATION ON THE COMPANY AND SIMP

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.

SIMP is a listed company with its shares listed and publicly-traded on the IDX. Indofood has an approximate 71.7% effective economic interest in IndoAgri, which in turn owns 73.5% in SIMP. Together with the Indofood Group's 7.0% direct interest in SIMP, Indofood has an effective economic interest of approximately 59.6% in SIMP. As at the date of this announcement, the Group has a 50.1% economic interest in Indofood. SIMP, together with its subsidiaries, is a vertically integrated agribusiness group and a leading palm oil producer in Indonesia. As of 30 September 2020, SIMP Group has approximately 252,000 hectares of planted oil palm plantations. It also operates 27 palm oil mills with a combined FFB processing capacity of 7.0 million tonnes per annum.

INFORMATION ON MSA

MSA is a limited liability company incorporated in Indonesia. It is a joint venture plantation company between SIMP and the Salim Group. Prior to completion of the MSA Subscription, SIMP owns approximately 55.8% in MSA directly, and together with a further effective economic interest of approximately 4.2% in MSA through its 60% economic interest in IGER, SIMP has an effective economic interest of approximately 60% in MSA. Please see the paragraph headed "*Information on the Company and SIMP*" above for further information on SIMP.

Each of GSS and GU is owned as to 100% by the Salim Group. IGER is a joint venture plantation company owned as to 60% by SIMP and 40% by the Salim Group. Accordingly, the Salim Group, through its 40% economic interest in IGER and together with GSS and GU, are interested in the remaining approximate 40% interest in MSA. The Salim Group is owned and controlled by Mr. Salim.

MSA owns and manages oil palm plantations business activities with an area of approximately 13,000 hectares in South Sumatra and operates a FFB processing facility with a total production capacity of 432,000 tonnes per year. The production by MSA represents approximately 5% of the total production of the SIMP Group.

Set out below is the financial information of MSA extracted from its audited consolidated financial statements for the two financial years ended 31 December 2019 and 31 December 2018:

- (1) For the financial year ended 31 December 2019, MSA's audited consolidated loss before taxation was approximately Rp137 billion (equivalent to approximately US\$9.7 million or HK\$75.5 million) and MSA's audited consolidated loss after taxation was approximately Rp142 billion (equivalent to approximately US\$10.0 million or HK\$78.3 million).
- (2) For the financial year ended 31 December 2018, MSA's audited consolidated loss before taxation was approximately Rp134 billion (equivalent to approximately US\$9.4 million or HK\$73.1 million) and MSA's audited consolidated loss after taxation was approximately Rp129 billion (equivalent to approximately US\$9.0 million or HK\$70.4 million).
- (3) As at 31 December 2019, MSA's audited consolidated net liabilities attributable to its shareholders was approximately Rp291 billion (equivalent to approximately US\$20.9 million or HK\$163.3 million).

REASONS FOR AND BENEFITS OF THE MSA SUBSCRIPTION

The MSA Subscription will provide MSA with the additional capital required by MSA to finance its working capital requirements and strengthen its financial position. SIMP, as the largest and controlling shareholder of MSA, considered that the increase in the capital of MSA would reduce interest expenses and optimize the capital structure of MSA.

The Board believes that the MSA Subscription provides a good opportunity for MSA to raise capital to meet its immediate working capital needs. The capital raised will also support MSA's oil palm plantations business and operations in Indonesia, and is therefore beneficial to both SIMP and the Group.

DIRECTORS' VIEWS

The Directors (including the independent non-executive Directors) consider that the terms of the MSA Subscription are fair and reasonable and that the MSA Subscription 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.

As each of Mr. Salim and Mr. Axton Salim (a non-executive Director and an associate of Mr. Salim) has or may be regarded as having a material interest in the connected transaction referred to in this announcement, each of them has abstained from voting on the resolution of the Board approving the MSA Subscription. Save for the aforementioned, none of the other Directors has a material interest in the connected transaction described in this announcement.

LISTING RULES IMPLICATIONS

The Group has approximately 50.1% economic interest in Indofood, which in turn indirectly owns SIMP as to approximately 59.6%. Accordingly, SIMP is a subsidiary of Indofood (and, therefore, of the Company).

Mr. Salim is the Chairman of the Board, a substantial shareholder of the Company and the President Director and CEO of Indofood. MSA is a connected subsidiary of the Company by virtue of Rule 14A.16 of the Listing Rules, because it is a non-wholly owned subsidiary of SIMP (and, therefore, of the Company) and Mr. Salim and companies controlled by him control 10% or more of its voting power. Accordingly, the MSA Subscription by SIMP constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios in respect of the MSA Subscription exceed 0.1% but all of the applicable percentage ratios are less than 5%, the MSA Subscription is subject to the announcement and reporting requirements, but is exempt from the independent shareholders' approval requirement, under Chapter 14A of the Listing Rules.

DEFINITIONS

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

“Board”	Board of Directors of the Company;
“Company”	First Pacific Company Limited, an exempted company incorporated in Bermuda and having its shares listed on the Stock Exchange;
“Director(s)”	the Director(s) of the Company;
“FFB”	fresh fruit bunches;

“Group”	the Company and its subsidiaries, from time to time;
“GSS”	PT Giat Sembada Sentosa, a member of the Salim Group;
“GU”	PT Gapura Usahatama, a member of the Salim Group;
“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;
“IDX”	the Indonesia Stock Exchange;
“IGER”	Indointernational Green Energy Resources Pte. Ltd., a joint venture plantation company owned as to 60% by SIMP and 40% by the Salim Group;
“IndoAgri”	Indofood Agri Resources Ltd., a company incorporated in Singapore, a subsidiary of Indofood and having its shares listed on the Singapore Stock Exchange;
“Indofood”	PT Indofood Sukses Makmur Tbk, a company incorporated in Indonesia, which is a 50.1% owned subsidiary of the Company and having its shares listed on the IDX;
“Indofood Group”	Indofood and its subsidiaries from time to time;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Mr. Salim”	Mr. Anthoni Salim, the Chairman of the Board, a substantial shareholder of the Company and the President Director and CEO of Indofood;
“MSA”	PT Mentari Subur Abadi, a joint venture plantation company between SIMP and the Salim Group;
“MSA Subscription”	the subscription of MSA Subscription Shares by SIMP in MSA as described in this announcement;
“MSA Subscription Shares”	806,897 new shares in MSA to be issued and allotted by MSA to SIMP pursuant to a resolution of the shareholders of MSA passed on 31 December 2020;
“Rp”	Rupiah, the lawful currency of Indonesia;

“Salim Group”	Mr. Salim, and companies controlled by him;
“SIMP”	PT Salim Ivomas Pratama Tbk, a member of the Indofood Group, a company incorporated in Indonesia and having its shares listed on the IDX;
“SIMP Group”	SIMP and its subsidiaries from time to time;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subscription Price”	the subscription price of Rp806,897 million (equivalent to approximately US\$57.1 million or HK\$445.4 million), payable by SIMP in cash;
“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, 4 January 2021

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 = Rp14,130. Percentages and figures have been rounded.

As at the date of this announcement, the Board 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