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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)

DISCLOSURE MADE IN THE PHILIPPINES BY METRO PACIFIC INVESTMENTS CORPORATION RELATING TO ITS SUBSIDIARY, MAYNILAD WATER SERVICES, INC.

BACKGROUND

Reference is made to the Company's announcement dated 12 December 2019 (the "**2019 Announcement**"). The 2019 Announcement set forth information on the disclosure filed by Metro Pacific Investments Corporation ("**MPIC**") (a Philippine affiliate of First Pacific Company Limited) with the Philippine Stock Exchange in relation to the notice received by its 52.8% owned subsidiary, Maynilad Water Services, Inc. ("**Maynilad**") from Metropolitan Waterworks and Sewerage System ("**MWSS**") revoking the extension of Maynilad's concession agreement (the "**Concession Agreement**"), such that Maynilad's concession ("**Concession**") will end in 2022 rather than 2037.

Under the Concession Agreement, Maynilad holds an exclusive Concession granted by the MWSS on behalf of the Philippine government, to provide water and sewerage services in the west zone of the MWSS service area.

Since the 2019 Announcement, subsequent developments have been disclosed in the notes to the consolidated financial statements in the Company's annual reports for the years 2019 and 2020 (the "**Subsequent Disclosures**"). The Subsequent Disclosures disclosed that the MWSS Regulatory Office confirmed on 23 December 2019 that the 25-year Concession Agreement that covers the years 1997 to 2022 and the memorandum of agreement that provides for the 15-year extension of the Concession period from year 2022 to 2037 under the Concession Agreement have not yet been cancelled. Nonetheless, the Philippine government ordered a review and amendment of the Concession Agreement.

REVISED CONCESSION AGREEMENT WITH MWSS

In a disclosure filed by MPIC with the Philippine Stock Exchange on 19 May 2021, MPIC disclosed that Maynilad has on 18 May 2021 entered into the revised concession agreement with MWSS (the “**Revised Concession Agreement**”).

Pursuant to the Revised Concession Agreement, the continuation of Maynilad’s Concession period until 31 July 2037 was confirmed and certain amendments to the Concession Agreement were made. Key amendments include: (a) the imposition of a tariff freeze until 31 December 2022; (b) the exclusion of corporate income tax from the expenditures that could be recovered by Maynilad over the term of the Concession; (c) no adjustment to the rates as may be prescribed by the MWSS Regulatory Office for the supply of water and sewerage services (“**Standard Rates**”) due to foreign currency differential adjustment; (d) capping of the annual inflation factor to two-thirds of the consumer price index; (e) imposition of rate caps for water and sewerage services to 1.3x and 1.5x, respectively, of the applicable Standard Rates in prior periods; and (f) subject to the rate caps as described in (e), a retention of a rate rebasing mechanism where the rates for the provision of water and wastewater services will be set at a level that will allow Maynilad to recover, over the term of the Concession, expenditures efficiently and prudently incurred and to earn a reasonable rate of return (which shall be a 12% fixed nominal discount rates).

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

Hong Kong, 19 May 2021

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