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## **FIRST PACIFIC COMPANY LIMITED**

*(Incorporated in Bermuda with limited liability)*

Website: <http://www.firstpacco.com>

(Stock code: 00142)

### **ANNOUNCEMENT**

#### **DISCLOSEABLE TRANSACTION ACQUISITION OF INTEREST IN PHILEX MINING CORPORATION**

##### **Introduction**

The Company is pleased to announce that it has entered into a legally binding Term Sheet on 3 October 2008 with Philex. The Term Sheet provides that a wholly-owned subsidiary of the Company, the Investor, will acquire an approximate aggregate 20.16% interest (778,444,065 common shares) in Philex at the price of PhP7.92 per share (approximately US\$0.1676 and approximately HK\$1.31 per share). The Proposed Acquisition will be implemented in two equal tranches; on 13 October 2008 and on a date no later than 30 November 2008, respectively.

The Term Sheet provides for the appointment of two directors by the Investor to the Philex board upon completion of the Proposed Acquisition. It is currently intended that the Company's Managing Director and CEO, Mr. Manuel V. Pangilinan, will be nominated to take the first of the two board seats in Philex.

##### **Consideration of the Proposed Acquisition**

The consideration for the Proposed Acquisition is approximately PhP6.165 billion (approximately US\$130.4 million and approximately HK\$1,017.5 million) and was arrived at after negotiations on an arm's length basis and on a willing buyer and willing seller basis taking into account, inter alia, the net asset value and the business prospects of Philex. The price per share represents:

- (a) an approximate 10% premium over the acquisition cost of the Philex shares in its recently completed buy-back of shares, which are currently held in treasury; and

- (b) an approximate 13% premium over the latest trading price of Philex as at 3 October 2008.

The Proposed Acquisition will be financed by internal cash and bank borrowings of the First Pacific group.

### **Listing Rules Implications**

The Proposed Acquisition constitutes a discloseable transaction for the Company under the Listing Rules. Accordingly, a circular containing further details of the Proposed Acquisition will be despatched to the Company's shareholders for information in accordance with the requirements of the Listing Rules.

### **Introduction**

First Pacific Company Limited ("First Pacific" or the "Company") is pleased to announce that it has entered into a legally binding term sheet ("Term Sheet") on 3 October 2008 with Philex Mining Corporation ("Philex"). The Term Sheet provides that a wholly-owned subsidiary of the Company (the "Investor") will acquire an approximate aggregate 20.16% interest (778,444,065 common shares) in Philex at the price of PhP7.92 per share (approximately US\$0.1676 and approximately HK\$1.31 per share) (the "Proposed Acquisition"). The Proposed Acquisition will be implemented in two equal tranches; on 13 October 2008 and on a date no later than 30 November 2008, respectively.

The Term Sheet provides for the appointment of two directors by the Investor to the Philex board upon completion of the Proposed Acquisition. It is currently intended that the Company's Managing Director and CEO, Mr. Manuel V. Pangilinan, will be nominated to take the first of the two board seats in Philex.

It is the Company's current intention, if suitable opportunities arise, to acquire further shares in Philex so as to increase its aggregate interests up to 40%. In the event that further shares are acquired, the Term Sheet includes provisions which would give the Investor certain additional rights, including increased board representation. The Term Sheet does not constitute an obligation to increase the Investor's interest beyond 20.16% in Philex.

### **Consideration of the Proposed Acquisition**

The consideration for the Proposed Acquisition is approximately PhP6.165 billion (approximately US\$130.4 million and approximately HK\$1,017.5 million) and was arrived at after negotiations on an arm's length basis and on a willing buyer and willing seller basis taking into account, inter alia, the net asset value and the business prospects of Philex. The price per share represents:

- (a) an approximate 10% premium over the acquisition cost of the Philex shares in its recently completed buy-back of shares, which are currently held in treasury; and

- (b) an approximate 13% premium over the latest trading price of Philex as at 3 October 2008.

The Proposed Acquisition will be financed by internal cash and bank borrowings of the First Pacific group.

### **Reasons for the Proposed Acquisition**

The directors of the Company are of the view that the Proposed Acquisition is fair and reasonable and in the interests of the shareholders of the Company as a whole.

There exists significant mineral deposits in the Philippines and the development of the mining industry is a particular focus of the Philippine Government and it actively encourages foreign investment in the mining sector. Philex is a company with a long history and which presently has strong cash flows derived from its existing mining interests. The Proposed Acquisition represents an attractive opportunity to make an initial investment in a sector which the board of directors of the Company believes will deliver strong growth in the coming years.

### **Listing Rules Implications**

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### **General**

The Company is a Hong Kong-based investment and management company with operations located in Asia. Its principal business interests relate to Telecommunications, Consumer Food Products, Infrastructure and Natural Resources.

Philex is a Philippine listed company engaged in exploration, development and utilisation of mineral resources.

The net asset value of Philex as at 31 December 2007 is PhP8,287 million (approximately US\$200.8 million and approximately HK\$1,565.9 million) and the net profits of Philex before and after taxation and extraordinary items are PhP5,621 million (approximately US\$122.6 million and approximately HK\$956.0 million) and PhP5,005 million (approximately US\$109.1 million and approximately HK\$851.3 million), respectively, for the financial year ended 31 December 2007 and the net profits of Philex before and after taxation and extraordinary items are PhP3,572 million (approximately US\$69.8 million and approximately HK\$544.6 million) and PhP3,087 million (approximately US\$60.3 million and approximately HK\$470.7 million), respectively, for the financial year ended 31 December 2006.

To the best of the directors' knowledge, information and belief and having made all reasonable enquiry, Philex and its respective ultimate beneficial owners are third parties independent of the Company and its connected persons.

By Order of the Board  
**First Pacific Company Limited**  
**Manuel V. Pangilinan**  
*Managing Director and CEO*

Hong Kong, 6 October 2008

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 = PhP47.26. Percentages and figures expressed in millions have been rounded.

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

Anthoni Salim, *Chairman*

Manuel V. Pangilinan, *Managing Director and CEO*

Edward A. Tortorici

Robert C. Nicholson

Napoleon L. Nazareno

Ambassador Albert F. del Rosario

Sir David W.C. Tang\*, *KBE*

Tedy Djuhar

Sutanto Djuhar

Ibrahim Risjad

Benny S. Santoso

Graham L. Pickles\*

Professor Edward K.Y. Chen\*, *GBS, CBE, JP*

\* *Independent Non-executive Directors*