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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)

DISCLOSEABLE TRANSACTION

ACQUISITION OF 40% INDIRECT EQUITY INTEREST IN PT JASAMARGA JALANLAYANG CIKAMPEK BY METRO PACIFIC TOLLWAYS CORPORATION

ACQUISITION OF 40% INDIRECT EQUITY INTEREST IN PT JASAMARGA JALANLAYANG CIKAMPEK BY METRO PACIFIC TOLLWAYS CORPORATION

On 30 June 2022, the Purchaser entered into the SPA, pursuant to which the Purchaser agreed to purchase, and the Seller (an independent third party) agreed to sell, the Sale Shares representing 40% equity interest in JJC. MPIC (a Philippine affiliate of the Company in which the Group indirectly holds a 45.1% economic interest) controls 89.66% of the Purchaser through its 99.9% owned subsidiary MPTC's indirect ownership in Nusantara and other holding companies.

The Consideration for the Sale Shares is IDR 4,030 billion (equivalent to approximately US\$269.6 million or HK\$2.1 billion), which shall be payable as to (i) IDR 15 billion (equivalent to approximately US\$1.0 million or HK\$7.8 million) by the Purchaser in cash upon the execution of the SPA; (ii) IDR 791 billion (equivalent to approximately US\$52.9 million or HK\$412.7 million) by the Purchaser in cash upon Completion and (iii) IDR 3,224 billion (equivalent to approximately US\$215.7 million or HK\$1.7 billion) by way of the issue of the Promissory Note by the Purchaser to the Seller upon Completion. Following Completion, an additional Earn-out Payment of up to IDR 359 billion (equivalent to approximately US\$24.0 million or HK\$187.3 million) shall be payable by the Purchaser to the Seller upon meeting certain conditions as described in the body of this announcement.

Upon Completion, the Sale Shares shall be transferred under the name of the Purchaser, subject to the assignment by the Purchaser of its voting rights in favour of the Seller until the full payment of the Consideration Balance at which point, the financial results of JJC will be equity accounted for as an associated company of the Group.

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, and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

ACQUISITION OF 40% INDIRECT EQUITY INTEREST IN PT JASAMARGA JALANLAYANG CIKAMPEK BY METRO PACIFIC TOLLWAYS CORPORATION

On 30 June 2022, the Purchaser entered into the SPA, pursuant to which the Purchaser agreed to purchase, and the Seller (an independent third party) agreed to sell, the Sale Shares representing 40% equity interest in JJC. MPIC (a Philippine affiliate of the Company in which the Group indirectly holds a 45.1% economic interest) controls 89.66% of the Purchaser through its 99.9% owned subsidiary MPTC's indirect ownership in Nusantara and other holding companies.

Upon Completion, the Sale Shares shall be transferred under the name of the Purchaser, subject to the assignment by the Purchaser of its voting rights in favour of the Seller until the full payment of the Consideration Balance at which point, the financial results of JJC will be equity accounted for as an associated company of the Group.

Summary of Principal Terms of the SPA

Date of the SPA : 30 June 2022

Parties : (i) the Purchaser, an approximately 89.66% indirectly controlled subsidiary of MPIC (a Philippine affiliate of the Company); and

(ii) the Seller, an independent third party. The Seller is the legal and beneficial owner of the Sale Shares. Further information on the Seller is set forth below in this announcement.

- Consideration : The Consideration for the sale and purchase of the Sale Shares is IDR 4,030 billion (equivalent to approximately US\$269.6 million or approximately HK\$2.1 billion), payable by the Purchaser as follows:
- (i) As to 0.4% (IDR 15 billion, equivalent to approximately US\$1.0 million or HK\$7.8 million) in cash upon the execution of the SPA on 30 June 2022 as earnest money (the “**Earnest Amount**”). The Earnest Amount is not refundable in the event that Completion does not occur.
 - (ii) As to 19.6% (IDR 791 billion, equivalent to approximately US\$52.9 million or HK\$412.7 million) in cash upon Completion.
 - (iii) As to 80% (IDR 3,224 billion, equivalent to approximately US\$215.7 million or HK\$1.7 billion) (the “**Consideration Balance**”) by way of the delivery of a promissory note (“**Promissory Note**”) by the Purchaser to the Seller upon Completion. Further information on the Promissory Note is set forth below in this announcement.

The Consideration and the earn-out payment (as described below) are currently intended to be satisfied by a combination of internal resources of the MPIC group of companies and external borrowing.

Title to the Sale Shares shall be transferred to the Purchaser upon the Completion. If the Promissory Note is not fully paid by the maturity date, the parties agree that the Sale Shares shall be transferred back to the Seller in accordance with the terms of the SPA.

- Basis of determination of the Consideration : The Consideration was determined after arm’s length negotiations between the Purchaser and the Seller on normal commercial terms, after taking into account (i) the Purchaser’s valuation of JJC based on the business and net assets of JJC; (ii) the implied Price to Book Value multiple of the Transaction of approximately 2.3 times is similar to comparable transactions in recent years; and (iii) the reasons for and benefits of the Transaction as described in the paragraph headed “Reasons for and Benefits of the Transaction” below.

Earn-out payment : Following the Completion, an additional amount of up to IDR 359 billion (equivalent to approximately US\$24.0 million or HK\$187.3 million) (the “**Earn-out Payment**”) shall be payable by the Purchaser to the Seller if a special toll road tariff adjustment is approved by the Minister of Public Works and Housing of Indonesia. The Earn-out Payment shall be payable on a pro rata basis by reference to the performance targets specified in the SPA, and shall be payable upon the approval of the tariff adjustment and the actual implementation thereof, with a cut-off date of two years from the payment of the Consideration Balance.

Principal terms of the Promissory Note : Issuer:
The Purchaser

Principal amount:
The Consideration Balance representing 80% of the Consideration payable under the SPA

Maturity:
20 December 2022

Interest:
Nil

Security:
The obligations of the Purchaser under the Promissory Note will be secured by:

- (i) a fiduciary security over the Sale Shares;
- (ii) a letter of undertaking to be executed by MPTC whereby MPTC shall commit to infuse additional equity in the Purchaser, if necessary, on or before 20 December 2022 in an amount equivalent to the Consideration Balance; and
- (iii) the agreement by the Purchaser to enter into a sale and purchase and transfer of shares agreement with the Seller to transfer all the rights and title to the Sale Shares back to the Seller in the event that the Purchaser fails to pay the Consideration Balance by the maturity date of the Promissory Note.

Repayment:

Payment of the principal amount of the Promissory Note shall be made in full upon maturity

Transferability:

The Promissory Note is not transferable

- Conditions precedent : Completion is conditional upon the satisfaction or waiver, where applicable, of the following conditions:
- (i) technical due diligence by and to the satisfaction of the Purchaser having been completed;
 - (ii) all obligations in relation to the resignation of employees, directors and/or board of commissioners of JJC as may be necessary having been settled by the Seller;
 - (iii) an amended and restated joint venture agreement in respect of JJC having been entered into among the Seller, the Purchaser and the remaining minority shareholder of JJC (being PT RANGGI SUGIRON PERKASA as referred to below);
 - (iv) the updating of the business registration details of JJC; and
 - (v) other customary conditions such as (a) all necessary corporate, contractual and shareholders' approvals having been obtained, (b) the representations and warranties given by each of the Purchaser and the Seller under the SPA being true and correct in all material respects as at the date of the SPA and as at the date of Completion, and (c) performance of, or compliance with, in all material respects, the obligations, covenants and undertakings of each of the Purchaser and the Seller under the SPA.

If any of the conditions precedent are not satisfied, or waived in accordance with the terms of the SPA on or before 31 July 2022, the SPA shall terminate on that date.

Completion date : Completion shall take place on one Business Day after the date on which all of the conditions referred to above have been satisfied and/or waived, where applicable.

Governing law : Law of the Republic of Indonesia

REASONS FOR AND BENEFITS OF THE TRANSACTION

JJC is the concession holder of the Jakarta-Cikampek Elevated (“**Japex**”) toll road, which is a 38 km fully elevated toll road forming part of the trans-Java network, connecting Jakarta (the capital city of Indonesia) to West, Central and East Java in Indonesia. Japex has been in operation since 12 December 2019. Japex together with the Japex at-grade road, is one of the busiest toll roads in Jakarta and currently serve a daily average of about 440 thousand motorists.

MPIC is engaged in toll roads operations through its 99.9% owned subsidiary, MPTC. The Transaction presents a growth opportunity for MPTC’s business in Indonesia and will align with MPTC’s plan to expand its toll road investment portfolio in Indonesia. MPTC expects traffic volume for Japex to continuously develop and that Japex to be a strategic asset as it serves as the main gateway to Jakarta from the eastern side of Java Island.

The Directors consider that the terms of the Transaction (including the aggregate amount of the Consideration, the terms of the Promissory Note and the Earn-out Payment) 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.

To the best of the Directors’ knowledge and information, no Director has any material interest in, or otherwise is required to abstain from voting on, the resolutions of the board of Directors of the Company in considering and approving the Transaction.

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 MPIC

MPIC is a Philippine affiliate of the Company, in which the Group indirectly holds approximately 45.1% economic interest. MPIC is one of the largest infrastructure investment management and holding companies in the Philippines, with investments in the country’s largest electricity distributor, toll road operator, water distributor and hospital group. MPIC also holds substantial investment in light rail operation. MPIC’s financial results are consolidated in the Company’s financial statements and its shares are listed on the PSE.

INFORMATION ON THE PURCHASER

The Purchaser is a subsidiary indirectly controlled to the extent of 89.66% by MPTC. The Purchaser is principally engaged in toll roads operations.

INFORMATION ON JJC

JJC is a joint venture established between the Seller and PT Ranggi Sugiron Perkasa, which owns 80% and 20% of the equity interest in JJC as at the date of this announcement, respectively. PT Ranggi Sugiron Perkasa is wholly owned by Taspen, a state-owned Indonesian Pension Fund.

Set out below is the financial information of JJC extracted from its audited consolidated financial statements for the two financial years ended 31 December 2021 and 31 December 2020:

- (1) For the financial year ended 31 December 2021, the audited net losses of JJC were approximately IDR 588.5 billion (equivalent to approximately US\$39.4 million or HK\$307.0 million) before taxation and IDR 620.2 billion (equivalent to approximately US\$41.5 million or HK\$323.6 million) after taxation.
- (2) For the financial year ended 31 December 2020, the audited net losses of JJC were approximately IDR 179.4 billion (equivalent to approximately US\$12.0 million or HK\$93.6 million) before taxation and IDR 179.4 billion (equivalent to approximately US\$12.0 million or HK\$93.6 million) after taxation.
- (3) As at 31 December 2021, the audited net asset value of JJC attributable to its shareholders was approximately IDR 4,940.7 billion (equivalent to approximately US\$330.5 million or HK\$2.6 billion).

INFORMATION ON THE SELLER

The Seller is a limited liability company duly established under the Law of the Republic of Indonesia. The Seller is principally engaged in toll road operations and is the largest toll road operator in Indonesia. It is 70% owned by the Government of Indonesia, with the remaining 30% held by the public. As at the date of this announcement, the Seller holds 80% of the equity interest in JJC.

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

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, and is subject to the reporting and announcement requirements 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:

“Business Day”	a day (other than Saturday, Sunday or a public holiday) on which banks are open for general banking business in Jakarta, Indonesia;
“Company”	First Pacific Company Limited, an exempted company incorporated in Bermuda and having its shares listed on the Stock Exchange;
“Completion”	completion of the sale and purchase of the Sale Shares in accordance with the SPA;
“Consideration”	the total consideration payable by the Purchaser for the purchase of the Sale Shares, described under the section headed “Summary of the Principal Terms of the SPA – Consideration” in this announcement;
“Directors”	the directors of the Company;
“Earn-out Payment”	has the meaning given to it in the section headed “Summary of the Principal Terms of the SPA – Earn-out payment” in this announcement;
“Group”	together, the Company, its subsidiaries and/or its Philippine affiliates;
“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;
“IDR”	Indonesian Rupiah, the lawful currency of Indonesia;

“Japex”	has the meaning given to it in the paragraph headed “Reasons for and Benefits of the Transaction” in this announcement;
“JJC”	PT Jasamarga Jalanlayang Cikampek, a company duly established under the Law of the Republic of Indonesia, details of which are set forth in the paragraph headed “Information on JJC” in this announcement;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“MPIC”	Metro Pacific Investments Corporation, a company organized and established under the laws of the Republic of the Philippines with limited liability, the shares of which are listed on the PSE;
“MPTC”	Metro Pacific Tollways Corporation, a company organized and established under the laws of the Republic of the Philippines with limited liability, the shares of which are 99.9% owned by MPIC;
“Nusantara”	PT Nusantara Infrastructure Tbk, a company organised and established under the Law of the Republic of Indonesia, the shares of which are 76.3% effectively owned by MPTC;
“Promissory Note”	has the meaning given to it in the section headed “Summary of the Principal Terms of the SPA – Consideration” in this announcement;
“PSE”	the Philippine Stock Exchange;
“Purchaser”	PT Margautama Nusantara, a company duly established under the Law of the Republic of Indonesia, in which MPTC indirectly controls as to 89.66% equity interest as at the date of this announcement. Details of the Purchaser are set forth in the paragraph headed “Information on the Purchaser” in this announcement;
“Sale Shares”	2,265,778 shares of JJC, representing 40% of the total issued and paid-up shares of JJC as at the date of this announcement;

“Seller”	Perusahaan Perseroan (Persero) PT Jasa Marga (Indonesia Highway Corporatama), Tbk., a limited liability company duly established under the Law of the Republic of Indonesia, details of which are set forth in the paragraph headed “Information on the Seller” in this announcement;
“Shareholders”	holders of the shares in the Company;
“SPA”	the conditional sale and purchase agreement dated 30 June 2022 between the Purchaser and the Seller, relating to the sale and purchase of the Sale Shares;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Transaction”	the acquisition by the Purchaser of 40% equity interest in JJC under the terms of the SPA, as described in this announcement;
“US\$”	United States 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 = IDR14,950 = HK\$7.80. Percentages and figures expressed in millions and billions have been rounded.

By Order of the Board
First Pacific Company Limited
Chiu Wing Man Fiona
General Counsel and Company Secretary

Hong Kong, 4 July 2022

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

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