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## **FIRST PACIFIC COMPANY LIMITED**

*(Incorporated in Bermuda with limited liability)*

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

(Stock code: 00142)

### **ANNOUNCEMENT**

#### **CONTINUING CONNECTED TRANSACTIONS BETWEEN MAYNILAD WATER SERVICES INC. AND DMCI HOLDINGS INC.**

The Company announces the entering into of two construction contracts between DMCI and Maynilad.

First Pacific group has approximately 55% (on a fully diluted basis) interest in DMWC, the holding company of Maynilad. By virtue of Rule 14A.11 of the Listing Rules, the remaining 45% shareholder of DMWC, DMCI is a connected person of the Company.

Accordingly, the construction contracts constitute continuing connected transactions for the Company under Rule 14A.14 of the Listing Rules.

Based on the five test calculations set out in Rule 14.07 of the Listing Rules, the applicable relevant percentage ratios in respect of the construction contracts are less than 2.5%, when aggregated with the percentage ratios in respect of the August Agreements, the October Agreements and the December Agreement. The construction contracts are, therefore, subject to the reporting and announcement requirements of Rules 14A.45 to 14A.47 of the Listing Rules but are exempt from the independent shareholders' approval under the Listing Rules.

The Company also announces the extension of expiry of a contract previously announced.

## Introduction

Reference is made to the announcement of First Pacific Company Limited (“First Pacific” or the “Company”) dated 13 August 2008, relating to certain agreements (“August Agreements”) entered into between Maynilad Water Services Inc. (“Maynilad”) and DMCI Holdings Inc. (“DMCI”) in respect of continuing transactions which are subject to reporting and disclosure requirements under Rule 14A.41 of the Rules Governing The Listing of Securities on the Stock Exchange of Hong Kong Limited (the “Listing Rules”). Reference is also made to the announcements of the Company dated 28 October 2008 and 2 December 2008 respectively, pursuant to which the Company announced the entering into of three construction contracts between Maynilad and DMCI (the “October Agreements” and the “December Agreement”, respectively).

The Company announces the entering into between DMCI and Maynilad of the following two new agreements (“New Agreements”):

Date of Contract: 15 December 2008  
Expiry: 14 April 2009  
Subject Matter: Proposed valve insertion/replacement at two locations in the Philippines.  
Consideration: Php7,649,565.53 (approximately US\$156,114 and approximately HK\$1,217,686)

Date of Contract: 15 December 2008  
Expiry: 14 April 2009  
Subject Matter: Proposed pipe replacement of 900mm dia SP at Cavite City in the Philippines.  
Consideration: Php84,400,000.00 (approximately US\$1,722,449 and approximately HK\$13,435,102)

The consideration in respect of the New Agreements is based on the bidding price. The New Agreements were entered into on normal commercial terms, in the ordinary course of business of Maynilad and DMCI, and on an arm’s length basis.

The Company also announces that the expiry of the following contract (the “North Pump Station Construction Agreement”) announced on 13 August 2008 was extended on 15 December 2008:

Date of Contract: 1 July 2008  
Expiry: 27 December 2008  
New Expiry: 28 February 2009  
Subject Matter: Construction contract in respect of building two additional stand-by units for North Pump Station, involving supply of labour, equipment and materials  
Consideration: Php112,864,930.63 (approximately US\$2,553,505 and HK\$19,917,341)

The consideration in respect of the North Pump Station Construction Agreement is based on the bidding price. Other than the extension of the expiry date, the terms of this contact remain the same.

### **Description of the Connected Relationship**

First Pacific group has approximately 55% (on a fully diluted basis) interest in DMCI-MPIC Water Co. Inc. (“DMWC”), the holding company of Maynilad. By virtue of Rule 14A.11 of the Listing Rules, the remaining 45% shareholder of DMWC, DMCI is a connected person of the Company.

Accordingly, the New Agreements constitute continuing connected transactions for the Company under Rule 14A.14 of the Listing Rules.

### **Listing Rules Implications**

Based on the five test calculations set out in Rule 14.07 of the Listing Rules, the applicable relevant percentage ratios in respect of the New Agreements when aggregated with the percentage ratios in respect of the August Agreements, the October Agreements and the December Agreement are less than 2.5%. The New Agreements are, therefore, subject to the reporting and announcement requirements of Rules 14A.45 to 14A.47 of the Listing Rules, but are exempt from the independent shareholders’ approval under the Listing Rules.

### **Reasons for the entering into of the New Agreements**

The directors of the Company (including the independent non-executive directors) believe that the terms of the New Agreements are fair and reasonable and in the interest of the shareholders as a whole. The directors of the Company also believe that the entering into of the New Agreements will be beneficial to the First Pacific group because the contracts have been negotiated on an arm’s length basis with a specialist contractor who has a proven record in the industry.

The New Agreements are part of Maynilad’s capital expenditure programme needed to support its operations, specifically the reinforcement and replacement of primary pipelines, rehabilitation and refurbishment of water network facilities.

### **General**

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

DMCI is a leading construction company in the Philippines and currently manages Subic Water & Sewerage Company, Inc. DMCI’s shares have been listed on the Philippine Stock Exchange since 1995.

Maynilad is a company incorporated in the Republic of the Philippines and holds an exclusive concession, granted by Metropolitan Waterworks and Sewerage System on behalf of the Philippine government, to provide water and sewerage services in the area of West Metro Manila.

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

Hong Kong, 7 January 2009

*Unless stated otherwise, translations of quoted currency values are made on an approximate basis and at the rate of US\$1.00 = Php49.0 = HK\$7.8. Percentages and figures expressed 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

Tedy Djuhar

Sutanto Djuhar

Ibrahim Risjad

Benny S. Santoso

Graham L. Pickles\*

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

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

\* *Independent Non-executive Directors*