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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)

VOLUNTARY ANNOUNCEMENT

This announcement is made by First Pacific Company Limited (the “**Company**”) on a voluntary basis. Reference is made to the press release of PLDT Inc. (“**PLDT**”), a major operating associate of the Company dated 16 December 2022, and the Company’s overseas regulatory announcement dated 18 December 2022, repeating PLDT’s press release.

PLDT announced in the said press release that since 2019, it had, together with its subsidiary, Smart Communications, Inc., embarked on a substantial network transformation program and launched a large number of multi-year capital expenditure (“**Capex**”) projects designed to regain and sustain network and technology leadership in the Philippine telecommunications market.

In this regard, there were substantial Capex investments over the past 4 years which were key to meeting PLDT’s business goals as described in its press release. These Capex investments amounted to approximately 379 billion Philippine Pesos (“**PHP**”) (equivalent to US\$6.8 billion and HK\$53.2 billion), which includes an estimated budget overrun of no more than PHP 48 billion (equivalent to US\$863.3 million and HK\$6.7 billion) which represents approximately 12.7% of the total Capex spend over the 4-year period. The aforementioned estimate is subject to ongoing review and discussions with PLDT’s principal vendors with a view to reconciling accounts and reducing any such budget overruns.

According to its press release, PLDT has launched an internal review, which aims to look into causes of the overrun and the effectiveness of internal control processes. The review so far has not revealed any fraud, procurement anomalies, or loss of assets arising from the Capex expenditure incurred.

In terms of financial impact, PLDT also reiterated that:

- (i) all of its three major revenue streams – wireless, home and enterprise remain healthy and robust, with home and enterprise maintaining their respective market leadership;
- (ii) earnings before interest, taxes, depreciation and amortization (EBITDA) for the full year of 2022 is within guidance levels of PHP 100 billion (equivalent to US\$1.8 billion and HK\$14.0 billion), as is core income at between PHP 32.0 billion (equivalent to US\$575.5 million and HK\$4.5 billion) – PHP 33.0 billion (equivalent to US\$593.5 million and HK\$4.6 billion); and
- (iii) the first phase of the sale of 5,907 telecom towers for PHP 77.0 billion (equivalent to US\$1.4 billion and HK\$10.8 billion) was announced on 19 April 2022. The second batch of 650 towers sale for PHP 9.2 billion (equivalent to US\$165.5 million and HK\$1.3 billion) was announced on 15 December 2022. Future plans for tower sales may bring potential gains to PLDT which may help offset the effects of the Capex overrun.

PLDT anticipates that Capex for 2023 will continue to be elevated, however, they are expected to be lower from 2024 onwards.

Shareholders are referred to PLDT's press release or the Company's overseas regulatory announcement for further details.

In this announcement, unless stated otherwise, translations of quoted currency values are made on an approximate basis and at the rate of Pesos 55.6 = US\$1.0 = HK\$7.8. Percentages and figures expressed in billions and millions have been rounded.

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

Hong Kong, 18 December 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

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