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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: <http://www.firstpacific.com>

**(Stock Code: 00142)**

#### **(1) DISCLOSEABLE TRANSACTION – ACQUISITION BY METRO PACIFIC INVESTMENTS CORPORATION OF AN APPROXIMATELY 5% INTEREST IN MANILA ELECTRIC COMPANY**

#### **(2) UPDATE ON LIGHT RAIL MANILA CONSORTIUM BID ON MANILA’S LRT1 EXTENSION PROJECT**

##### **(1) DISCLOSEABLE TRANSACTION**

On 24 June 2014, MPIC (a company in which the Group holds an approximately 55.8% economic interest) entered into a sale and purchase agreement with Beacon pursuant to which MPIC has agreed to purchase, and Beacon has agreed to sell, 56.35 million shares in Meralco, representing approximately 5% in the issued share capital of Meralco, at an aggregate consideration of Php 13.24 billion (equivalent to approximately US\$302.3 million or approximately HK\$2.4 billion).

Beacon is a special purpose company jointly owned as to 50% each by MPIC and PCEV (a subsidiary of PLDT, a company in which the Group holds an approximately 25.6% economic interest).

Upon completion of the Acquisition, MPIC will own approximately 5% in Meralco directly and a further effective interest of 22.48% in Meralco through its 50% interest in Beacon, thereby taking MPIC’s effective interest in Meralco to 27.48%. PCEV’s interest in Meralco will be reduced to an effective interest of 22.48% from 24.98%. There will be no change in the aggregate joint interest of MPIC and Beacon in Meralco which will remain at 49.96%.

As a result of the Acquisition, the Group's (including PLDT) effective interest in Meralco increased by approximately 0.76% to approximately 21.07% from approximately 20.31%.

As the highest of the applicable percentage ratios (as set out in Rule 14.07 of the Listing Rules) in respect of the Acquisition by the Company (through MPIC) exceeds 5% but is less than 25%, the Acquisition constitutes a discloseable transaction for the Company and is, therefore, subject to the announcement requirements under Chapter 14 of the Listing Rules.

**(2) UPDATE ON LRMC BID ON MANILA'S LRT1 EXTENSION PROJECT**

The LRMC has submitted a bid of Php 9.35 billion (equivalent to approximately US\$213.5 million or approximately HK\$1.7 billion) in concession fees for the re-launched tender for the Php 64.9 billion (equivalent to approximately US\$1.5 billion or approximately HK\$11.6 billion) LRT1 Extension project to the Philippine Government. The LRMC is the sole bidder for the project.

The relevant Philippine Government authorities are in the process of assessing the LRMC's bid and the Company will make further announcement if the project is formally awarded to the LRMC.

If the project is awarded to the LRMC, based on the terms of the re-launched tender, it is contemplated that the concession will be for a duration of 32 years and involve (i) the LRMC assuming the operations and maintenance (O&M) of the existing 20 km LRT Line 1 system; and (ii) the construction of an additional 11.7 km extension south of Manila from Baclaran to Bacoor, Cavite, requiring an investment of approximately Php 35 billion (equivalent to approximately US\$799.1 million or approximately HK\$6.2 billion) by LRMC. The total capital contributions (in the form of equity and shareholder loans) by LRMC to fund the project, over a five-year period, is expected to be approximately Php 15.4 billion (equivalent to approximately US\$351.6 million or HK\$2.7 billion), of which MPIC's 55% share will be approximately Php 8.5 billion (equivalent to approximately US\$194.1 million or HK\$1.5 billion).

**(1) DISCLOSEABLE TRANSACTION – ACQUISITION BY MPIC OF AN APPROXIMATELY 5% INTEREST IN MERALCO**

**Introduction**

On 24 June 2014, MPIC entered into a sale and purchase agreement with Beacon pursuant to which MPIC has agreed to purchase, and Beacon has agreed to sell, 56.35 million shares in Meralco, representing approximately 5% in the issued share capital of Meralco, at an aggregate consideration of Php 13.24 billion (equivalent to approximately US\$302.3 million or approximately HK\$2.4 billion).

Beacon is a special purpose company jointly owned as to 50% each by MPIC and PCEV (a subsidiary of PLDT, a company in which the Group holds an approximately 25.6% economic interest).

Upon completion of the Acquisition, MPIC will own approximately 5% in Meralco directly and a further effective interest of 22.48% in Meralco through its 50% interest in Beacon, thereby taking MPIC's effective interest in Meralco to 27.48%. PCEV's interest in Meralco will be reduced to an effective interest of 22.48% from 24.98%. There will be no change in the aggregate joint interest of MPIC and Beacon in Meralco which will remain at 49.96%.

As a result of the Acquisition, the Group's (including PLDT) effective interest in Meralco increased by approximately 0.76% to approximately 21.07% from approximately 20.31%.

### **Consideration**

The aggregate consideration of Php 13.24 billion (equivalent to approximately US\$302.3 million or approximately HK\$2.4 billion) payable by MPIC to Beacon is to be settled as to Php 3.0 billion (equivalent to approximately US\$68.5 million or approximately HK\$534.2 million) paid upon the signing of the sale and purchase agreement and the balance amount of Php 10.24 billion (equivalent to approximately US\$233.8 million or approximately HK\$1.8 billion) on or before February 2015.

The consideration has been determined on an arm's length basis between MPIC and Beacon, having regard to recent prices at which shares in Meralco have been sold and purchased in independent third party transactions.

The consideration will be fully satisfied in cash and will be funded by a dividend of approximately Php 6.64 billion (equivalent to approximately US\$151.6 million or approximately HK\$1.2 billion) expected to be received by MPIC from Beacon on or before February 2015 and the balance from MPIC's internal resources.

### **Reasons for and benefits of the Acquisition for MPIC**

The Acquisition represents an increase in MPIC's direct and effective interests in its investment in Meralco reflecting its expectation of growth in Meralco's business, and an increase in its committee participation in Meralco's business.

The Directors believe that the Acquisition is fair and reasonable and in the interests of the Company and its shareholders taken as a whole.

## **Implications under the Listing Rules**

As the highest of the applicable percentage ratios (as set out in Rule 14.07 of the Listing Rules) in respect of the Acquisition by the Company (through MPIC) exceeds 5% but is less than 25%, the Acquisition constitutes a discloseable transaction for the Company and is, therefore, subject to the announcement requirements under Chapter 14 of the Listing Rules.

## **General**

The Company is a Hong Kong-based investment management and holding company with operations located in Asia. Its principal business interests relate to telecommunications, infrastructure, consumer food products and natural resources.

MPIC is a Philippine corporation which is part of the Group on account of the equity interests of a Philippine affiliate of the Company. MPIC's shares are listed on the Philippine Stock Exchange. The Group has an approximately 55.8% economic interest in MPIC. MPIC is a flagship infrastructure company in the Philippines, with holdings in water, tollways, electricity distribution and health care enterprises.

Meralco is a Philippine corporation with its shares listed on the Philippine Stock Exchange. It is the largest distributor of electricity in the Philippines with a service area spanning 9,337 square kilometres, where approximately a quarter of the total Philippine population resides. It has a customer base of about 5.4 million, comprising commercial, industrial and residential customers.

The audited consolidated net assets of Meralco as at 31 December 2013 were approximately Php 75.2 billion (equivalent to approximately US\$1.7 billion or approximately HK\$13.2 billion).

For the financial year ended 31 December 2013, the audited consolidated net profit before taxation of Meralco was approximately Php 24.3 billion (equivalent to approximately US\$569.9 million or approximately HK\$4.4 billion) and the audited consolidated net profit after taxation and non-controlling interests of Meralco was approximately Php 17.2 billion (equivalent to approximately US\$403.4 million or approximately HK\$3.1 billion).

For the financial year ended 31 December 2012, the audited consolidated net profit before taxation of Meralco was approximately Php 22.0 billion (equivalent to approximately US\$522.8 million or approximately HK\$4.1 billion) and audited consolidated net profit after taxation and non-controlling interests of Meralco was approximately Php 17.1 billion (equivalent to approximately US\$406.4 million or approximately HK\$3.2 billion).

Beacon is a special purpose company jointly owned as to 50% each by MPIC and PCEV, a subsidiary of PLDT. In turn, PLDT is a company in which the Group holds an approximately 25.6% economic interest. The principal business of Beacon is the holding of investments in Meralco.

Save for the relationships described above, to the best knowledge, information and belief of the Directors having made all reasonable enquiries, Beacon and its ultimate beneficial owner(s) are otherwise third parties independent of the Company and its connected persons and Beacon is not a connected person of the Company.

**(2) UPDATE ON LRMC BID ON MANILA'S LRT1 EXTENSION PROJECT**

As disclosed in the Company's 2013 Annual Report, the conditional bid by the LRMC (a consortium of which MPIC is a member) for Manila's LRT1 Extension project submitted in September 2013 was not accepted by the regulator and the Philippine Government re-launched the Manila's LRT1 Extension project with modified bid terms.

The LRMC has submitted a bid of Php 9.35 billion (equivalent to approximately US\$213.5 million or approximately HK\$1.7 billion) in concession fees for the re-launched tender for the Php 64.9 billion (equivalent to approximately US\$1.5 billion or approximately HK\$11.6 billion) LRT1 Extension project to the Philippine Government. The LRMC is the sole bidder for the project.

The relevant Philippine Government authorities are in the process of assessing the LRMC's bid and the Company will make further announcement if the project is formally awarded to the LRMC.

If the project is awarded to the LRMC, based on the terms of the re-launched tender, it is contemplated that the concession will be for a duration of 32 years and involve (i) the LRMC assuming the operations and maintenance (O&M) of the existing 20km LRT Line 1 system; and (ii) the construction of an additional 11.7 km extension south of Manila from Baclaran to Bacoor, Cavite, requiring an investment of approximately Php 35 billion (equivalent to approximately US\$799.1 million or approximately HK\$6.2 billion) by LRMC. The total capital contributions (in the form of equity and shareholder loans) by LRMC to fund the project, over a five-year period, is expected to be approximately Php 15.4 billion (equivalent to approximately US\$351.6 million or HK\$2.7 billion), of which MPIC's 55% share will be approximately Php 8.5 billion (equivalent to approximately US\$194.1 million or HK\$1.5 billion).

## DEFINITIONS

In this announcement, unless the context requires otherwise, the following terms have the meanings set out below:

“Acquisition”	the acquisition by MPIC of 56.35 million shares in Meralco, representing approximately 5% in the issued share capital of Meralco, from Beacon pursuant to the sale and purchase agreement dated 24 June 2014;
“associate(s)”	has the same meaning ascribed to it in the Listing Rules;
“Beacon”	Beacon Electric Asset Holdings, Inc., a special purpose company incorporated in the Philippines with limited liability and jointly owned as to 50% each by MPIC and PCEV;
“Board”	the board of directors of the Company;
“Company”	First Pacific Company Limited, an exempted company incorporated in Bermuda with limited liability, and having its shares listed on the Stock Exchange;
“connected person(s)”	has the same meaning ascribed to it in the Listing Rules;
“Directors”	the director(s) of the Company from time to time;
“Group”	the Company and/or its subsidiaries and/or its Philippine affiliates, from time to time;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“LRMC”	the Light Rail Manila Consortium which comprises MPIC as to 55%, Ayala Corporation as to 35% and Macquarie Infrastructure as to 10%;

“LRT1 Extension”	Manila’s Light Rail Transit System Line 1 South Extension project;
“Meralco”	Manila Electric Company, a company incorporated in the Philippines with limited liability, the shares of which are listed on the Philippine Stock Exchange;
“MPIC”	Metro Pacific Investments Corporation, a company incorporated in the Philippines with limited liability, the shares of which are listed on the Philippine Stock Exchange;
“PCEV”	PLDT Communications and Energy Ventures, Inc., a company incorporated in the Philippines with limited liability and a subsidiary of PLDT;
“Php”	Philippine Peso, the lawful currency of the Republic of the Philippines;
“PLDT”	Philippine Long Distance Telephone Company, a company incorporated in the Philippines with limited liability, the shares of which are listed on the Philippine Stock Exchange and the New York Stock Exchange, and an associated company of the Group;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“US\$”	United States dollars, the lawful currency of the United States of America; and
“%”	per cent.

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

Hong Kong, 24 June 2014

*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 = Php 43.8. Percentages and figures expressed have been rounded.*

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

***Executive Directors:***

Manuel V. Pangilinan, *Managing Director and CEO*

Edward A. Tortorici

Robert C. Nicholson

***Non-executive Directors:***

Anthoni Salim, *Chairman*

Benny S. Santoso

Tedy Djuhar

Napoleon L. Nazareno

***Independent Non-executive Directors:***

Graham L. Pickles

Prof. Edward K.Y. Chen, *GBS, CBE, JP*

Margaret Leung Ko May Yee, *SBS, JP*

Philip Fan Yan Hok