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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

DISPOSAL OF 50% INDIRECT INTEREST IN PHILIPPINE COASTAL STORAGE & PIPELINE CORPORATION BY METRO PACIFIC INVESTMENTS CORPORATION

DISPOSAL OF 50% INDIRECT INTEREST IN PCSPC BY MPIC

On 23 October 2024, the Seller, MPIC and KIT entered into the SPA with the Purchaser and Terminal PH Investments Pte. Ltd., pursuant to which the Seller agreed to sell, and the Purchaser agreed to purchase, all of the Sale Shares representing 100% of the total issued outstanding capital stock of HSHC, for the Total Sale Price of approximately US\$296 million (equivalent to approximately HK\$2,308.8 million). The Total Sale Price is payable by the Purchaser to the Seller in full in cash at completion, and is subject to adjustments including (i) Unaccounted Leakage Amounts and (ii) possible Earn-out Payment(s) of up to US\$50 million (equivalent to approximately HK\$390 million) upon the achievement by the HSHC Group of certain performance milestones.

HSHC indirectly owns 100% interest in PCSPC. PCSPC is the largest independent petroleum product import terminal in the Philippines, strategically located in the Subic Bay Freeport Zone in the Philippines.

As at the date of this announcement, MPIC indirectly owns 50% of the Sale Shares. The remaining 50% of the Sale Shares is indirectly owned by KIT, an independent third party. As the holder of 50% of the Seller via its interest in KMI, MPIC is entitled to 50% of the Total Sale Price (subject to adjustments), which is expected to be approximately US\$148 million (equivalent to approximately HK\$1,154.4 million), with possible additional Earn-out Payment(s) of up to US\$25 million (equivalent to approximately HK\$195 million).

MPIC is a Philippine affiliate of the Company in which the Group has approximately 46.3% economic interest as at the date of this announcement.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Disposal exceeds 5% but all the applicable percentage ratios are less than 25%, the Disposal constitutes a discloseable transaction of the Company under the Listing Rules and therefore is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

DISPOSAL OF 50% INDIRECT INTEREST IN PCSPC BY MPIC

On 23 October 2024, the Seller, MPIC and KIT entered into the SPA with the Purchaser and Terminal PH Investments Pte. Ltd., pursuant to which the Seller agreed to sell, and the Purchaser agreed to purchase, all of the Sale Shares representing 100% of the total issued outstanding capital stock of HSHC, for the Total Sale Price of approximately US\$296 million (equivalent to approximately HK\$2,308.8 million). The Total Sale Price is payable by the Purchaser to the Seller in full in cash at completion, and is subject to adjustments including (i) Unaccounted Leakage Amounts and (ii) possible Earn-out Payment(s) of up to US\$50 million (equivalent to approximately HK\$390 million) upon the achievement by the HSHC Group of certain performance milestones.

HSHC indirectly owns 100% interest in PCSPC. PCSPC is the largest independent petroleum product import terminal in the Philippines, strategically located in the Subic Bay Freeport Zone in the Philippines.

As at the date of this announcement, MPIC indirectly owns 50% of the Sale Shares. The remaining 50% of the Sale Shares is indirectly owned by KIT, an independent third party. As the holder of 50% of the Seller via its interest in KMI, MPIC is entitled to 50% of the Total Sale Price (subject to adjustments), which is expected to be approximately US\$148 million (equivalent to approximately HK\$1,154.4 million), with possible additional Earn-out Payment(s) of up to US\$25 million (equivalent to approximately HK\$195 million).

MPIC is a Philippine affiliate of the Company in which the Group has approximately 46.3% economic interest as at the date of this announcement.

The principal terms of the SPA are summarised as follows:

Date

23 October 2024

Parties

- (1) Razor Crest Storage Infrastructure Holdings Corporation, as the Seller
- (2) MPIC
- (3) KIT
- (4) Coral Terminal Holdings Corporation, as the Purchaser
- (5) Terminal PH Investments Pte. Ltd., owner of 100% of the Purchaser

Subject matter

100% of the total issued outstanding capital stock of HSHC

Total Sale Price

The Total Sale Price (subject to adjustments) for all of the Sale Shares is expected to be approximately US\$296 million (equivalent to approximately HK\$2,308.8 million). The Total Sale Price was determined after arm's length negotiations between the parties to the SPA taking into account factors detailed in the section headed "Basis of determination of the Total Sale Price" below and arriving at the amount of US\$279.3 million (equivalent to approximately HK\$2,178.5 million) (plus the accrued interest thereon between from 1 July 2024 until the earlier of 31 December 2024 and the Completion Date); and deducting expected dividends payment, finance expenses and related fees, insurance payments, and estimated approved payments, expenses paid or incurred from 31 December 2023 to (and including) the Completion Date.

The Total Sale Price is expected to be approximately US\$296 million (equivalent to approximately HK\$2,308.8 million), before any adjustments described below. As the holder of 50% of the Seller via its interest in KMI, MPIC is entitled to 50% of the Total Sale Price (subject to adjustments), which is expected to be approximately US\$148 million (equivalent to approximately HK\$1,154.4 million), with possible additional Earn-out Payment(s) of up to US\$25 million (equivalent to approximately HK\$195 million).

Adjustments to the Total Sale Price

The Seller shall, no later than five Business Days before the Completion Date, submit to the Purchaser its good faith estimate of the Total Sale Price.

The Total Sale Price shall be subject to adjustments as follows:

The Total Sale Price shall be further adjusted by (a) the actual unaccounted leakage covering expenses, interests and fees from (but excluding) 31 December 2023 until (and including) the Completion Date which has not been specifically accounted for in the SPA (“**Unaccounted Leakage Amounts**”) which is to be notified by the Purchaser to the Seller within 6 months from the Completion Date and (b) additional Earn-out Payment(s) of up to US\$50 million (“**Earn-out Payment(s)**”) to be determined based on the HSHC Group’s consolidated EBITDA (earnings before interest, taxes, depreciation and amortisation) in the three financial years ending 31 December 2024, 31 December 2025 and December 2026 and the performance of the new fuel storage terminal project in 2027.

The payment of each Unaccounted Leakage Amount shall be made in cash within five Business Days of the relevant amount being agreed between the Purchaser and the Seller in accordance with the terms of the SPA.

Any additional Earn-out Payment shall be payable within 15 Business Days after it is finally determined following the end of each relevant period ending 31 December 2024, 2025, 2026 and 2027, based on the corresponding audited consolidated financial statements for each period in accordance with the terms of the SPA.

Payment of the Total Sale Price

The Total Sale Price (excluding any Unaccounted Leakage Amounts and Earn-out Payment(s) plus interest, which are to be accounted for separately as described above, where applicable) is payable in full in cash by the Purchaser to the Seller on the Completion Date.

Basis of determination of the Total Sale Price

The Total Sale Price payable by the Purchaser to the Seller under the SPA, including the adjustment mechanisms, were determined after arm's length negotiations among MPIC, KIT and the Purchaser on normal commercial terms, after taking into account: (i) a business review and financial analysis of the HSHC Group; (ii) a competitive auction process that was undertaken from the fourth quarter of 2024 covering a wide range of strategic and financial investors; and (iii) the reasons for and benefits of the transaction as described in the paragraph headed "Reasons for and Benefits of Entering into the SPA" below.

Reference was also made to the value of the HSHC Group based on the market approach using an EV/EBITDA (enterprise value-to-earnings before interest, taxes, depreciation and amortisation) multiple of approximately 13.0x-15.0x. This multiple was established following a reference to a combination of data of other select peer trading comparables collected from the open market, not constituting a profit forecast within the meaning of the Listing Rules. Given the nature of PCSPC's businesses, the reference to an EV/EBITDA multiple is considered an appropriate valuation metric for the Disposal, with adjustments made for the control premium of the transaction, being a sale of 100% of the HSHC Group.

The selection of the trading comparables under the market approach followed a rigorous identification process to ensure alignment with PCSPC's business nature, market conditions, regulatory environment and industry dynamics, including the following:

- Principally engaged in the development, management and operation of infrastructure assets in the Philippines;
- Positive profit contribution for the year ended 31 December 2023.

The said market comparables and their EV/EBITDA multiples are set forth in the table below:

	EV/23A EBITDA
Manila Electric Company	9.1x
Manila Water Co. Inc.	7.7x
Synergy Grid & Development Philippines, Inc.	7.3x
Mean of Selected Trading Comparables	8.0x

The EV/EBITDA multiple for the Disposal implies a premium to the mean of selected trading comparables mainly due to:

- (i) US\$-denominated contracts of PCSPC;
- (ii) PCSPC's long-term contracts with blue-chip customers; and
- (iii) Control premium payable by the Purchaser in the acquisition of 100% of the HSHC Group.

Conditions to completion

Completion of the SPA is conditional on the satisfaction and/or waiver, where applicable, of the following conditions:

- (i) an approval, no objection, no-further action or favourable ruling from the Philippine Competition Commission in relation to the Disposal or otherwise deemed approval of the Disposal under the Philippine Competition Act having been obtained (the "**Fundamental Condition**");
- (ii) evidence of HSHC owning 100% of the legal title to PTSI having been provided to the Purchaser;
- (iii) execution of an amendment to a certain business agreement between PCSPC and a counterparty in the agreed form;

- (iv) the Seller having provided, or having procured the provision of, a payoff letter from the facility agent under HSHC Group's existing loan facility, containing details of any amount that is outstanding or otherwise due and payable under the HSHC Group's existing loan facility (the "**Bank Pay-Off Amount**"), and confirming that subject to the payment of the Bank Pay-Off Amount, the existing facility will be released at completion under the SPA and no HSHC Group Company shall be subject to any further obligations or liabilities under the facility following the completion; and
- (v) obligations of the parties having been complied with, including all necessary corporate and regulatory approvals having been obtained and the covenants and agreements required to be complied with by either party on or before the Completion Date having been complied with.

Completion

Completion of the Disposal shall take place on a date which is expected to be (a) the date falling on the 15th Business Day after the date on which the Fundamental Condition is satisfied (and, with respect to the other conditions, waived in accordance with the SPA); or (b) such other date the parties may agree in writing ("**Completion Date**").

Completion of the Disposal is expected to occur in early 2025.

FINANCIAL EFFECTS OF THE DISPOSAL AND USE OF PROCEEDS

Following completion of the Disposal, the financial results of each of HSHC and PCSPC will cease to be equity-accounted for as a jointly-controlled entity of the Group.

The Group expects to accrue a gain of approximately US\$40 million (equivalent to approximately HK\$312 million) from the Disposal, calculated on the basis of sale proceeds less the carrying cost of investment.

It is intended that the sale proceeds to which MPIC is entitled will be used to fuel the continued development of its core businesses, further reinforcing its position across key sectors of the Philippine economy, and for reduction of its existing debt.

REASONS FOR AND BENEFITS OF ENTERING INTO THE SPA

MPIC acquired its indirect 50% interest in PCSPC in early 2021. Having considered the financial performance, the business and operation status of PCSPC to date and the potential economic benefits that the Disposal could bring to MPIC, MPIC considers it appropriate to divest and realise the value of the investment at this stage.

At closing, the Disposal will allow MPIC to receive a consideration of approximately US\$148 million (equivalent to approximately HK\$1,154.4 million) (subject to adjustments and tax) which will strengthen the cash flow of MPIC and provide MPIC with additional financial flexibility to reallocate and reinvest these proceeds into other parts of the business for growth or to partially prepay its bank loans and thereby reducing its indebtedness.

INFORMATION ON THE COMPANY AND PARTIES TO THE SPA

The Company

The Company is a Hong Kong-based investment holding company with investments located in Asia-Pacific. Its principal investments are in consumer food products, telecommunications, infrastructure and natural resources.

MPIC

MPIC is a Philippine affiliate of the Company, in which the Group indirectly holds approximately 46.3% 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 light rail operation. MPIC also holds investments in healthcare, petroleum storage, agriculture and real estate. MPIC's financial results are consolidated in the Group's financial statements.

The Seller and KMI

The Seller owns all of the shares in HSHC. HSHC owns all of the shares in PTSI, which in turn owns all of the shares in PCSPC. Each of the Seller, HSHC and PTSI is an investment holding company.

The Seller is owned as to 100% by KMI. KMI is a company incorporated in the Philippines and is an investment holding company. KMI is owned as to 50% by MPIC and 50% by KIT.

The Seller and KMI are equity-accounted for as jointly-controlled entities of the Group.

HSHC and PCSPC

PCSPC is the only major asset of HSHC.

The Seller indirectly owns 100% of the total issued outstanding capital stock of PCSPC. PCSPC is the largest independent petroleum product storage facility and import terminal in the Philippines with a storage capacity of approximately 6.0 million barrels. The 150-hectare facility comprises of 90 storage tanks, two piers and a pipeline infrastructure connecting the entire facility. Due to its strategic location in the Subic Bay Freeport Zone in the Philippines, PCSPC provides clients with a well-connected distribution hub to the largest economic catchment area – Metro Manila and North Luzon.

The audited net profits of PCSPC in respect of its financial year ended 31 December 2023 were approximately US\$27 million (equivalent to approximately HK\$210.6 million) before taxation and US\$25 million (equivalent to approximately HK\$195 million) after taxation.

The audited net profits of PCSPC in respect of its financial year ended 31 December 2022 were approximately US\$22 million (equivalent to approximately HK\$171.6 million) before taxation and US\$21 million (equivalent to approximately HK\$163.8 million) after taxation.

The audited net asset value of PCSPC as at 31 December 2023 was approximately US\$113 million (equivalent to approximately HK\$881.4 million).

The Purchaser

The Purchaser is a company established in the Philippines and an affiliate of I Squared Capital (“**ISQ**”). The Purchaser is an investment holding company.

ISQ is an independent global infrastructure investment manager, focusing on energy, utilities, water and waste management, transportation and telecommunications in North America, Europe and high growth economies in Asia, Australia and South America. ISQ currently has over US\$40 billion (equivalent to approximately HK\$312 billion) of assets under management including commitments from some of the world’s largest pension and sovereign wealth funds. The ISQ team currently comprises over 280 experienced professionals globally. In addition to these on-ground investing and operations teams, ISQ also has portfolio companies with operations in over 71 countries.

Terminal PH Investments Pte. Ltd.

Terminal PH Investments Pte. Ltd. is a private limited company incorporated under the laws of Singapore. It is an investment holding company.

The Purchaser is a wholly owned subsidiary of Terminal PH Investments Pte. Ltd..

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiry, the Purchaser, Terminal PH Investments Pte. Ltd. and their respective ultimate beneficial owners are third parties independent of the Company and connected persons of the Company.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Disposal exceeds 5% but all the applicable percentage ratios are less than 25%, the Disposal constitutes a discloseable transaction of the Company under the Listing Rules and therefore is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

DIRECTORS’ VIEWS

The Directors are of the view that the terms of the Disposal are fair and reasonable and in the interests of the shareholders of the Company as a whole.

DEFINITIONS

In this announcement, the following terms and expressions have the following meanings, unless the context requires otherwise:

“Bank Pay-Off Amount”	has the meaning given to it in the paragraph headed “Disposal of 50% Indirect Interest in PCSPC by MPIC – Conditions to completion” in this announcement;
“Board”	the board of Directors of the Company;
“Business Day”	a day other than a Saturday or Sunday on which banks are generally open in Manila, the Philippines; Miami, the United States of America; and Singapore, for normal business;
“Company”	First Pacific Company Limited, an exempted company incorporated in Bermuda and having its shares listed on the Stock Exchange;
“Completion Date”	has the meaning given to it in the paragraph headed “Disposal of 50% Indirect Interest in PCSPC by MPIC – Completion” in this announcement;
“Director(s)”	the director(s) of the Company;
“Disposal”	the disposal by the Seller of all of the Sale Shares representing 100% of the total issued outstanding capital stock of HSHC pursuant to the terms of the SPA, as described in this announcement;
“Earn-out Payment(s)”	has the meaning given to it in the paragraph headed “Disposal of 50% Indirect Interest in PCSPC by MPIC – Total Sale Price – Adjustments to the Total Sale Price” in this announcement;
“Fundamental Condition”	has the meaning given to it in the paragraph headed “Disposal of 50% Indirect Interest in PCSPC by MPIC – Conditions to completion” in this announcement;
“Group”	the Company and its subsidiaries and 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;
“HSHC”	Hyperion Storage Holdings Corporation, a company incorporated in the Philippines with limited liability and a wholly owned subsidiary of the Seller as at the date of this announcement;
“HSHC Group”	HSHC and its subsidiaries;
“HSHC Group Companies”	collectively, HSHC and members of the HSHC Group, and “HSHC Group Company” shall mean any one of them;
“KIT”	Keppel Infrastructure Fund Management Pte. Ltd., a company limited by shares incorporated under the laws of Singapore, the trustee-manager of Keppel Infrastructure Trust, the units of which are listed on the Singapore Stock Exchange, and which directly owns 50% of KMI as at the date of this announcement;
“KMI”	KM Infrastructure Holdings, Inc., a company incorporated in the Philippines with limited liability;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“MPIC”	Metro Pacific Investments Corporation, a company incorporated in the Philippines with limited liability, and which directly owns 50% of KMI as at the date of this announcement;
“PCSPC”	Philippine Coastal Storage & Pipeline Corporation, a company incorporated in the Philippines with limited liability and a wholly owned subsidiary of PTSI;
“PTSI”	Philippine Tank Storage International (Holdings) Inc., a company incorporated in the Philippines with limited liability and a wholly owned subsidiary of HSHC;

“Purchaser”	Coral Terminal Holdings Corporation, a company incorporated in the Philippines with limited liability;
“Sale Shares”	100% of the total issued outstanding capital stock of HSHC, being the subject of the Disposal;
“Seller”	Razor Crest Storage Infrastructure Holdings Corporation, a company incorporated in the Philippines with limited liability and a wholly owned subsidiary of KMI as at the date of this announcement;
“SPA”	the sale and purchase agreement dated 23 October 2024 entered into between the Seller, MPIC, KIT, the Purchaser and Terminal PH Investments Pte. Ltd. in relation to the sale and purchase of the Sale Shares;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Total Sale Price”	the aggregate consideration to be received by the Seller from the Purchaser for the sale of the Sale Shares, subject to adjustment as described under the paragraph headed “Disposal of 50% Indirect Interest in PCSPC by MPIC – Total Sale Price – Adjustments to the Total Sale Price” in this announcement;
“Unaccounted Leakage Amounts”	has the meaning given to it in the paragraph headed “Disposal of 50% Indirect Interest in PCSPC by MPIC – Total Sale Price – Adjustments to the Total Sale Price” in this announcement;
“US\$”	United States dollars, 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 rates of US\$1.00 = HK\$7.8. Percentages and figures 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, 23 October 2024

As at the date of this announcement, the Board 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