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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)

POSSIBLE MAJOR TRANSACTION IN RELATION TO THE PROPOSED SPIN-OFF AND SEPARATE LISTING OF MAYNILAD WATER SERVICES, INC. ON THE PHILIPPINE STOCK EXCHANGE

This announcement is made pursuant to Chapter 14 and PN15 of the Listing Rules.

Reference is made to the announcement of the Company dated 3 December 2024 in relation to the possible spin-off and listing of Maynilad, which is a Philippine affiliate of the Group, on the Philippine Stock Exchange.

The Board is pleased to announce that, the Company was notified by the Stock Exchange that the Listing Committee had agreed that the Company may proceed with the Proposed Spin-off and Listing under PN15. On 17 March 2025, Maynilad submitted an application to the Philippine Securities and Exchange Commission and to the Philippine Stock Exchange for the Proposed Spin-off and Listing.

THE PROPOSED SPIN-OFF AND LISTING

The Proposed Spin-off and Listing is expected to be effected by way of an offering comprising issue of new shares and/or sales of shares by existing shareholders, involving, subject to market conditions, up to 2,457,290,000 shares of Maynilad, representing 30.45% of the enlarged issued share capital of Maynilad immediately upon completion of the Proposed Spin-off and Listing. Immediately following the completion of the Proposed Spin-off and Listing, it is expected that Maynilad will remain a Philippine affiliate of the Group, with the results of Maynilad continuing to be consolidated by the Group upon completion of the Proposed Spin-off and Listing.

It is currently expected that the offer price of the Proposed Spin-off and Listing will be up to PHP20 (i.e. approximately US\$0.35 or HK\$2.72). However, investors should be aware that the maximum offer price and the proceeds to be raised are subject to, among other things, the market conditions closer to the launch of the Proposed Spin-off and Listing, the final offer price, the expected offer size of, and the proceeds to be raised from the Proposed Spin-off and Listing will only be determined after completion of the book-building and securing the regulatory approvals.

ASSURED ENTITLEMENT

After due and careful consideration of the Proposed Spin-off and Listing, and having due regard to the interests of the Shareholders, it is intended that, if the Proposed Spin-off and Listing proceeds, the Company proposes to subscribe for (at the offer price of the Proposed Spin-off and Listing) and distribute to its Shareholders in specie Maynilad shares which will in aggregate represent approximately 1.5% of the offer size of the Proposed Spin-off and Listing. Details of the terms of the distribution in specie have not yet been finalised as at the date of this announcement. It is currently expected that terms of the distribution in specie will be disclosed by the Company in due course.

Shareholders are reminded that the distribution in specie would be conditional upon completion of Proposed Spin-off and Listing and will only be declared by the Board if the Proposed Spin-off and Listing is completed.

LISTING RULES IMPLICATIONS

As one or more applicable percentage ratios (as defined under the Listing Rules) in respect of the Proposed Spin-off and Listing is expected to exceed 25% but be less than 75%, the Proposed Spin-off and Listing, if consummated, will constitute a major transaction of the Company under the Listing Rules and will be subject to the reporting, announcement and Shareholders' approval requirements under paragraph 3(e)(1) of PN15 and Rule 14.40 of the Listing Rules.

DESPATCH OF CIRCULAR

A circular containing, among other things, (i) further details of the Proposed Spin-off and Listing, (ii) a letter of advice from the Independent Board Committee and a letter of advice from the Independent Financial Adviser on the Proposed Spin-off and Listing, (iii) other information as required under the Listing Rules, and (iv) a notice of the SGM at which an ordinary resolution will be proposed for the Shareholders to consider and, if thought fit, approve the Proposed Spin-off and Listing will be despatched to the Shareholders in due course. Since additional time is required for the preparation of the circular, taking into account the vetting process of the relevant authorities on the Proposed Spin-off and Listing (including the Philippine Securities and Exchange Commission and the Philippine Stock Exchange), the expected date of despatch of the circular to the Shareholders will be more than 15 business days from the date of this announcement.

Shareholders and potential investors of the Company should note that the Proposed Spin-off and Listing will be subject to, among other things, the approvals of relevant authorities (including the Philippine Securities and Exchange Commission and the Philippine Stock Exchange) and market conditions. Therefore, Shareholders and potential investors of the Company should be aware that the Company does not guarantee that the Proposed Spin-off and Listing will proceed, nor does it guarantee the timing thereof. Shareholders and potential investors of the Company should therefore exercise caution when dealing in the securities of the Company.

INTRODUCTION

This announcement is made pursuant to Chapter 14 and PN15 of the Listing Rules.

Reference is made to the announcement of the Company dated 3 December 2024 in relation to the possible spin-off and listing of Maynilad, which is a Philippine affiliate of the Group, on the Philippine Stock Exchange.

The Board is pleased to announce that, the Company was notified by the Stock Exchange that the Listing Committee had agreed that the Company may proceed with the Proposed Spin-off and Listing under PN15. On 17 March 2025, Maynilad submitted an application to the Philippine Securities and Exchange Commission and the Philippine Stock Exchange for the Proposed Spin-off and Listing.

THE PROPOSED SPIN-OFF AND LISTING

The Proposed Spin-off and Listing is expected to be effected by way of an offering comprising issue of new shares and/or sales of shares by existing shareholders, involving, subject to market conditions, up to 2,457,290,000 shares of Maynilad, representing 30.45% of the enlarged issued share capital of Maynilad immediately upon completion of the Proposed Spin-off and Listing. The final number of shares and pricing will be determined through the book-building process and finalized only after receiving approval from the Philippine Securities and Exchange Commission and the Philippine Stock Exchange for the Proposed Spin-off and Listing. If approved, the indicative timeline targets an offer period from 25 June 2025, to 2 July 2025, with listing on 10 July 2025.

As of the date of this announcement, Maynilad is a Philippine affiliate of the Group with its results consolidated by the Group. Maynilad is being held as to (i) 94.4% by Maynilad Water Holding Company, Inc. (“**MWHCI**”), which is in turn a non-wholly owned subsidiary held as to 51.3% by Metro Pacific Investments Corporation (“**MPIC**”, a Philippine affiliate of the Group, together with its subsidiaries, “**MPIC Group**”), and (ii) 5.3% by MPIC. Immediately following the completion of the Proposed Spin-off and Listing, it is expected that Maynilad will remain a Philippine affiliate of the Group, with the results of Maynilad continuing to be consolidated by the Group upon completion of the Proposed Spin-off and Listing.

The Proposed Spin-off and Listing is conditional upon, among other things, the approvals of relevant authorities (including the Philippine Securities and Exchange Commission and the Philippine Stock Exchange) and the market conditions. Further announcements in connection with the Proposed Spin-off and Listing will be made by the Company as and when appropriate.

Conditions of the Proposed Spin-off and Listing

Based on the information currently available to the Board, the Proposed Spin-off and Listing will be conditional upon, among other things, the following:

- (1) the approval of the Shareholders of the Proposed Spin-off and Listing at the SGM;
- (2) the final decisions of the management of Maynilad on the terms and conditions of the Proposed Spin-off and Listing;
- (3) the approvals of the Philippine Securities and Exchange Commission and the Philippine Stock Exchange in relation to the Proposed Spin-off and Listing; and
- (4) the market conditions and other considerations.

As of the date of this announcement, none of these conditions have been fulfilled. If any of these and other applicable conditions is not fulfilled or waived, if applicable, prior to the dates and times to be specified, the Proposed Spin-off and Listing will not proceed and an announcement will be published by the Company as soon as practicable thereafter.

Intended use of proceeds raised from the Proposed Spin-off and Listing

It is currently expected that the offer price of the Proposed Spin-off and Listing will be up to PHP20 (i.e. approximately US\$0.35 or HK\$2.72). The proceeds to be received from the Proposed Spin-off and Listing are expected to substantially be used to fund Maynilad's government-approved capital expenditure program for 2025 and 2026 and general corporate purposes.

However, investors should be aware that the maximum offer price and the proceeds to be raised are subject to, among other things, the market conditions closer to the launch of the Proposed Spin-off and Listing, the final offer price, the expected offer size of, and the proceeds to be raised from the Proposed Spin-off and Listing will only be determined after completion of the book-building and securing the regulatory approvals. The determination of the offer price of shares of Maynilad to be offered under the Proposed Spin-off and Listing has not been fixed yet and is subject to the market conditions closer to the launch of the Proposed Spin-off and Listing and will be determined with reference to the then market conditions. In determining the offer price, Maynilad will take into account, among others, (i) its historical operating results and financial performance; (ii) its business prospects; (iii) its expansion plan and capital needs; and (iv) the investor appetite and market conditions.

INFORMATION ON THE GROUP AND THE SPINCO GROUP

The Group

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.

The SpinCo Group

Maynilad was incorporated under the laws of the Philippines with limited liability. The SpinCo Group is principally engaged in the establishment, operation and maintenance of waterworks and sewerage systems and the provision of sanitation services in the "West Zone" of the Greater Manila Area which covers 11 cities in Metro Manila, the Philippines, and three cities and three municipalities in the Province of Cavite, the Philippines.

Selected consolidated financial information of the SpinCo Group for the years ended 31 December 2022 and 2023 are set out below:

	For the year ended 31 December 2023	For the year ended 31 December 2022
	<i>US\$ million (audited)</i>	<i>US\$ million (audited)</i>
Revenue	491.8	420.0
Profit before tax	204.0	107.4
Profit after tax	150.1	68.6

As at 31 December 2023, the audited consolidated net asset value of the SpinCo Group was approximately US\$1,137.3 million.

In accordance with the Hong Kong Financial Reporting Standards, any decrease in the consolidated net assets of a group as a result of changes in a parent's ownership interest in a subsidiary that do not result in a loss of control, is accounted for within equity. Therefore, there will be no gain or loss arising from the deemed disposal by the Company of its interest in Maynilad as part of the Proposed Spin-off and Listing to be recognised in the consolidated income statement of the Company, given that Maynilad will remain a Philippine affiliate of the Group with the results of Maynilad consolidated by the Group upon completion of the Proposed Spin-off and Listing.

ASSURED ENTITLEMENT

Pursuant to paragraph 3(f) of PN15, First Pacific must have due regard to the interests of its Shareholders by providing them with an assured entitlement to shares of Maynilad being offered in the offering, either by way of a distribution of Maynilad shares in specie or by way of preferred application for the Maynilad shares in the offering by the Shareholders.

The provision of an assured entitlement by way of preferred application in the offering by the Shareholders is likely to constitute an offer to the public in Hong Kong, which requires registration of a prospectus in Hong Kong.

Having regard to the potential time and expenses which may be involved in the process of preparing, finalising and obtaining any regulatory approval of such prospectus, the Board has decided that provision of the assured entitlement by way of a distribution of Maynilad shares in specie would be the preferred course of action. In order to provide the assured entitlement to its Shareholders and subject to and conditional upon completion of the Proposed Spin-off and Listing, First Pacific proposes to subscribe for (at the offer price under the Proposed Spin-off and Listing) and distribute to its Shareholders in specie Maynilad shares which will in aggregate represent approximately 1.5% of the offer size of the Proposed Spin-off and Listing.

Details of the terms of the distribution in specie have not yet been finalised as at the date of this announcement. It is currently expected that terms of the distribution in specie will be disclosed by the Company in due course. Shareholders are reminded that the distribution in specie would be conditional upon completion of the Proposed Spin-off and Listing and will only be declared by the Board if the Proposed Spin-off and Listing is completed.

REASONS FOR AND BENEFITS OF THE PROPOSED SPIN-OFF AND LISTING

The Company considers that it is commercially beneficial to the Company and Maynilad and in the interests of the Shareholders to effect the Proposed Spin-off and Listing as it is expected to create greater value for the Company and its Shareholders as a whole and the SpinCo Group, for the following reasons:

- (a) The Proposed Spin-off and Listing are conducive to enhancing the operational and financial transparency of the SpinCo Group and the Group, providing investors with a clearer picture of their respective businesses and financial positions, facilitating a reasonable valuation of their different businesses in accordance with different valuation methods, which is expected to in turn enable the value of the SpinCo Group's high-quality assets to be fully reflected in the capital market, thereby increasing the asset value and potentially the overall market capitalisation of the Group.
- (b) The SpinCo Group can face the public equity capital market directly, and raise equity funds independently, providing vital support for the current water concession operations and facilities as well as securing the additional capital to support enhancement work to its existing or future potable water pipeline distribution systems and wastewater pipeline systems so as to generate more revenue in the long run. The SpinCo Group will be able to maintain its financial independence from the Remaining Group and is unlikely to require further funding or other financial support from the Remaining Group after the Proposed Spin-off and Listing.

- (c) The separate listing of Maynilad will enhance the responsibility and accountability of its management, who will be subject to supervision of the shareholders and investors, thus enhancing management incentives and improving the management capability and efficiency of Maynilad. The separate listing of Maynilad can also create an incentive system adapted to the market competition in the water concession operation industry, better retain the existing backbone talents, attract outstanding talents and further release the vitality of the enterprise development.
- (d) The Proposed Spin-off and Listing will enable investors and financiers to appraise the respective strategies, functions, risks and returns of each of the businesses operated by the SpinCo Group and the rest of the Group separately and to make their investment decisions accordingly. Investors will have the choice to invest in either one or both of the businesses, and more appropriately align the respective investor bases of the Company and Maynilad.
- (e) The separate listing of Maynilad can help enhance the overall image of the Group and expand its investor base, and improve customers' overall confidence in the development of the Group and brand awareness, reinforcing the Group's position as a long-standing conglomerate involving various principal investments in Asia-Pacific.

Having considered the above, the Board is of the view that the Proposed Spin-off and Listing is fair and reasonable and in the interest of the Company and its Shareholders as a whole.

LISTING RULES IMPLICATIONS

As one or more applicable percentage ratios (as defined under the Listing Rules) in respect of the Proposed Spin-off and Listing is expected to exceed 25% but be less than 75%, the Proposed Spin-off and Listing, if consummated, will constitute a major transaction of the Company under the Listing Rules and will be subject to the reporting, announcement and Shareholders' approval requirements under paragraph 3(e)(1) of PN15 and Rule 14.40 of the Listing Rules.

If the highest applicable percentage ratio under the Listing Rules in respect of the Proposed Spin-off and Listing exceeds 75%, the Company will re-comply with the relevant disclosure and/or Shareholders' approval requirements under the Listing Rules.

SGM AND VOTING

The SGM shall be convened for the purpose of allowing the Shareholders to consider and, if thought fit, approve, the Proposed Spin-off and Listing.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholder is required to abstain from voting on the ordinary resolution to approve the Proposed Spin-off and Listing.

DESPATCH OF CIRCULAR

A circular containing, among other things, (i) further details of the Proposed Spin-off and Listing, (ii) a letter of advice from the Independent Board Committee and a letter of advice from the Independent Financial Adviser on the Proposed Spin-off and Listing, (iii) other information as required under the Listing Rules and (iv) a notice of the SGM at which an ordinary resolution will be proposed for the Shareholders to consider and, if thought fit, approve the Proposed Spin-off and Listing will be despatched to the Shareholders in due course. Since additional time is required for the preparation of the circular, taking into account the vetting process of the relevant authorities on the Proposed Spin-off and Listing (including the Philippine Securities and Exchange Commission and the Philippine Stock Exchange), the expected date of despatch of the circular to the Shareholders will be more than 15 business days from the date of this announcement.

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

In accordance with the requirements of paragraph 3(e)(4) of PN15:

- (a) an Independent Board Committee will be formed to (i) consider the Proposed Spin-off and Listing, (ii) advise the Shareholders as to whether the terms of the Proposed Spin-off and Listing are fair and reasonable and whether the Proposed Spin-off and Listing are in the interests of the Company and the Shareholders as a whole, and (iii) advise the Shareholders on how to vote at the SGM in respect of the ordinary resolution to approve the Proposed Spin-off and Listing, taking into account the recommendation of the Independent Financial Adviser in that regard; and
- (b) an Independent Financial Adviser will be appointed to advise the Independent Board Committee and the Shareholders as to whether the terms of the Proposed Spin-off and Listing are fair and reasonable and whether the Proposed Spin-off and Listing are in the interests of the Company and the Shareholders as a whole.

GENERAL

Details in respect of the Proposed Spin-off and Listing, including their structure and expected timetable, have not yet been finalised.

Shareholders and potential investors of the Company should note that the Proposed Spin-off and Listing will be subject to, among other things, the approvals of relevant authorities (including the Philippine Securities and Exchange Commission and the Philippine Stock Exchange) and the market conditions. Therefore, Shareholders and potential investors of the Company should be aware that the Company does not guarantee that the Proposed Spin-off and Listing will proceed, nor does it guarantee the timing thereof. Shareholders and potential investors of the Company should therefore exercise caution when dealing in the securities of the Company.

This announcement is not intended to, and does not, constitute an offer to sell or a solicitation of an offer to subscribe for or buy any Maynilad shares in connection with the Proposed Spin-off and Listing or otherwise. Any such offer or solicitation will be made solely through a prospectus or offering circular in compliance with applicable laws and any decision to subscribe for or buy such securities in connection with the Proposed Spin-off and Listing or otherwise should be made solely on the basis of the information contained in the relevant prospectus or offering circular.

The Company will make further announcement(s) in relation to the Proposed Spin-off and Listing in accordance with the requirements of the Listing Rules as and when appropriate.

DEFINITIONS

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

“Board”	the board of Directors of the Company;
“Company” or “First Pacific”	First Pacific Company Limited, an exempted company incorporated in Bermuda and having its shares listed on the Stock Exchange;
“Director(s)”	the director(s) of the Company;
“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;
“Independent Board Committee”	the independent board committee of the Board to be formed to advise and provide recommendations to the Shareholders on the Proposed Spin-off and Listing;
“Independent Financial Adviser”	the independent financial adviser to be appointed to advise the Independent Board Committee and the Shareholders in respect of the Proposed Spin-off and Listing;
“Listing Committee”	the listing committee of the Stock Exchange;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Maynilad” or “SpinCo”	Maynilad Water Services, Inc., a company incorporated in the Philippines with limited liability;
“Philippine Stock Exchange”	Philippine Stock Exchange, Inc.;
“PHP”	Philippine Pesos, the lawful currency of the Philippines;
“PN15”	Practice Note 15 of the Listing Rules;
“Proposed Spin-off and Listing”	the proposed spin-off and listing of the shares of Maynilad on the Philippine Stock Exchange;
“Remaining Group”	the Group excluding the SpinCo Group;
“SGM”	the special general meeting to be convened by the Company for the purpose of approving, among other things, the Proposed Spin-off and Listing;
“Shareholders”	holders of the Shares;
“Shares”	share(s) of the Company;
“SpinCo Group”	the SpinCo and its subsidiaries;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“United States”	the United States of America;

“US\$” United States dollars, the lawful currency of the United States; and

“%” per cent.

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

Hong Kong, 17 March 2025

For reference only, certain figures are presented in US\$ and HK\$ based upon the exchange rate of US\$1.0 = HK\$7.8 = PHP57.3.

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