FIRST PACIFIC COMPANY LIMITED

(Incorporated with limited liability under the laws of Bermuda)

Website: www.firstpacific.com

(Stock Code: 00142)

2019 Annual Results - Audited

FINANCIAL HIGHLIGHTS

- Turnover increased by 4% to US$8,054.7 million (HK$62,826.7 million) from US$7,742.4 million (HK$60,390.7 million).
- Profit contribution from operations increased by 0.4% to US$395.6 million (HK$3,085.7 million) from US$393.9 million (HK$3,072.4 million).
- Recurring profit increased by 0.2% to US$290.0 million (HK$2,262.0 million) from US$289.5 million (HK$2,258.1 million).
- Non-recurring losses increased by 251% to US$553.7 million (HK$4,318.9 million) from US$157.8 million (HK$1,230.8 million).
- Loss attributable to owners of the parent of US$253.9 million (HK$1,980.4 million) compared with profit attributable to owners of the parent of US$131.8 million (HK$1,028.0 million).
- Basic loss per share of U.S. 5.85 cents (HK45.6 cents) compared with basic earnings per share of U.S. 3.04 cents (HK23.7 cents).
- Recurring basic earnings per share (calculated based on recurring profit) remained stable at U.S. 6.68 cents (HK52.1 cents).
- A final distribution of HK7.00 cents (U.S. 0.90 cents) (2018: HK5.50 cents or U.S. 0.71 cents) per ordinary share has been recommended, making a total distribution per ordinary share equivalent to HK13.50 cents (U.S. 1.73 cents) (2018: HK13.50 cents or U.S. 1.73 cents) for the full year or a distribution payout ratio of approximately 26% (2018: 26%) of recurring profit.
- Equity attributable to owners of the parent decreased by 5% to US$2,928.7 million (HK$22,843.8 million) at 31 December 2019 from US$3,083.6 million (HK$24,052.1 million) at 31 December 2018.
- Consolidated net debt decreased by 12% to US$5,978.4 million (HK$46,631.5 million) at 31 December 2019 from US$6,783.9 million (HK$52,914.4 million) at 31 December 2018.
- Consolidated gearing ratio improved to 0.68 times at 31 December 2019 from 0.78 times at 31 December 2018.

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December	Notes	2019 US$m	2018 US$m	2019 HK$m*	2018 HK$m*
Turnover	2	**8,054.7**	7,742.4	**62,826.7**	60,390.7
Cost of sales		**(5,606.4)**	(5,564.6)	**(43,730.0)**	(43,403.9)
Gross profit		**2,448.3**	2,177.8	**19,096.7**	16,986.8
Selling and distribution expenses		**(606.2)**	(553.4)	**(4,728.4)**	(4,316.5)
Administrative expenses		**(673.2)**	(621.0)	**(5,251.0)**	(4,843.8)
Other operating expenses, net		**(524.3)**	(63.9)	**(4,089.5)**	(498.4)
Interest income		**85.7**	64.6	**668.5**	503.9
Finance costs		**(477.4)**	(422.3)	**(3,723.7)**	(3,293.9)
Share of profits less losses of associated companies and joint ventures		**335.1**	319.5	**2,613.8**	2,492.1
Profit before taxation	3	**588.0**	901.3	**4,586.4**	7,030.2
Taxation	4	**(466.9)**	(292.6)	**(3,641.8)**	(2,282.3)
Profit for the year		**121.1**	608.7	**944.6**	4,747.9
(Loss)/profit attributable to:					
Owners of the parent	5	**(253.9)**	131.8	**(1,980.4)**	1,028.0
Non-controlling interests		**375.0**	476.9	**2,925.0**	3,719.9
		121.1	608.7	**944.6**	4,747.9
		US¢	US¢	**HK¢***	HK¢*
(Loss)/earnings per share attributable to owners of the parent	6				
Basic		**(5.85)**	3.04	**(45.6)**	23.7
Diluted		**(5.85)**	3.03	**(45.6)**	23.6

Details of the distribution proposed for the year are disclosed in Note 7.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December	2019 US$m	2018 US$m	2019 HK$m*	2018 HK$m*
Profit for the year	**121.1**	608.7	**944.6**	4,747.9
Other comprehensive income/(loss)				
Items that will be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations	**334.5**	(535.0)	**2,609.1**	(4,173.0)
Unrealized gains/(losses) on debt investments at fair value through other comprehensive income	**1.3**	(0.5)	**10.1**	(3.9)
Unrealized gains/(losses) on cash flow hedges	**29.0**	(16.1)	**226.2**	(125.6)
Realized losses/(gains) on cash flow hedges	**11.1**	(33.4)	**86.6**	(260.5)
Income tax related to cash flow hedges	**(6.8)**	8.5	**(53.1)**	66.3
Share of other comprehensive income of associated companies and joint ventures	**9.1**	13.3	**71.0**	103.7
Reclassification adjustment for foreign operations disposed of during the year	**59.0**	-	**460.2**	-
Items that will not be reclassified to profit or loss:				
Changes in fair value of equity investments at fair value through other comprehensive income	**52.2**	49.5	**407.2**	386.1
Actuarial (losses)/gains on defined benefit pension plans	**(5.5)**	40.5	**(42.9)**	315.9
Share of other comprehensive (loss)/income of associated companies and joint ventures	**(63.4)**	3.9	**(494.5)**	30.4
Other comprehensive income/(loss) for the year, net of tax	**420.5**	(469.3)	**3,279.9**	(3,660.6)
Total comprehensive income for the year	**541.6**	139.4	**4,224.5**	1,087.3
(Loss)/income attributable to:				
Owners of the parent	**(83.5)**	(67.3)	**(651.3)**	(525.0)
Non-controlling interests	**625.1**	206.7	**4,875.8**	1,612.3
	541.6	139.4	**4,224.5**	1,087.3

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	At 31 December 2019 US$m	At 31 December 2018 US$m	At 31 December 2019 HK$m*	At 31 December 2018 HK$m*
Non-current assets					
Property, plant and equipment		**4,938.7**	5,157.4	**38,521.9**	40,227.7
Biological assets		**22.6**	22.7	**176.3**	177.1
Associated companies and joint ventures		**4,787.7**	4,877.3	**37,344.1**	38,042.9
Goodwill		**693.2**	1,111.5	**5,407.0**	8,669.7
Other intangible assets		**5,004.7**	4,182.5	**39,036.6**	32,623.5
Investment properties		**13.4**	9.5	**104.5**	74.1
Accounts receivable, other receivables and prepayments		**37.4**	16.2	**291.7**	126.4
Financial assets at fair value through other comprehensive income		**385.9**	319.4	**3,010.0**	2,491.3
Deferred tax assets		**156.4**	195.4	**1,219.9**	1,524.1
Other non-current assets		**819.9**	749.1	**6,395.2**	5,843.0
		16,859.9	16,641.0	**131,507.2**	129,799.8
Current assets					
Cash and cash equivalents and short-term deposits		**2,846.4**	1,630.8	**22,201.9**	12,720.2
Restricted cash		**106.0**	103.2	**826.8**	805.0
Financial assets at fair value through other comprehensive income		**9.9**	289.6	**77.2**	2,258.9
Accounts receivable, other receivables and prepayments	8	**1,070.7**	1,133.9	**8,351.5**	8,844.4
Inventories		**799.0**	942.0	**6,232.2**	7,347.6
Biological assets		**52.0**	36.1	**405.6**	281.6
		4,884.0	4,135.6	**38,095.2**	32,257.7
Assets classified as held for sale		**138.6**	124.9	**1,081.1**	974.2
		5,022.6	4,260.5	**39,176.3**	33,231.9
Current liabilities					
Accounts payable, other payables and accruals	9	**1,569.3**	1,362.6	**12,240.6**	10,628.3
Short-term borrowings		**2,262.8**	2,281.1	**17,649.8**	17,792.6
Provision for taxation		**97.3**	57.3	**758.9**	446.9
Current portion of deferred liabilities, provisions and payables		**542.5**	419.8	**4,231.5**	3,274.4
		4,471.9	4,120.8	**34,880.8**	32,142.2
Liabilities directly associated with the assets classified as held for sale		**25.4**	19.5	**198.1**	152.1
		4,497.3	4,140.3	**35,078.9**	32,294.3
Net current assets		**525.3**	120.2	**4,097.4**	937.6
Total assets less current liabilities		**17,385.2**	16,761.2	**135,604.6**	130,737.4
Equity					
Issued share capital		**43.4**	43.4	**338.5**	338.5
Shares held for share award scheme		**(3.2)**	(4.9)	**(25.0)**	(38.2)
Retained earnings		**1,401.4**	1,582.1	**10,930.9**	12,340.4
Other components of equity		**1,487.1**	1,463.0	**11,599.4**	11,411.4
Equity attributable to owners of the parent		**2,928.7**	3,083.6	**22,843.8**	24,052.1
Non-controlling interests		**5,829.3**	5,626.8	**45,468.6**	43,889.0
Total equity		**8,758.0**	8,710.4	**68,312.4**	67,941.1
Non-current liabilities					
Long-term borrowings		**6,668.0**	6,236.8	**52,010.4**	48,647.0
Deferred liabilities, provisions and payables		**1,535.3**	1,488.9	**11,975.4**	11,613.5
Deferred tax liabilities		**423.9**	325.1	**3,306.4**	2,535.8
		8,627.2	8,050.8	**67,292.2**	62,796.3
		17,385.2	16,761.2	**135,604.6**	130,737.4

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

		Equity attributable to owners of the parent											
US$ millions	Notes	Issued share capital	Shares held for share award scheme	Share premium	Employee share-based compensation reserve	Other comprehensive (loss)/income (Note 10)	Differences arising from changes in equities of subsidiary companies	Capital and other reserves	Contributed surplus	Retained earnings	Total	Non-controlling interests	**Total equity**
At 1 January 2018		43.4	(8.9)	62.0	60.9	(687.8)	456.1	12.6	1,840.2	1,451.3	3,229.8	5,520.4	8,750.2
Profit for the year		-	-	-	-	-	-	-	-	131.8	131.8	476.9	608.7
Other comprehensive loss for the year		-	-	-	-	(199.1)	-	-	-	-	(199.1)	(270.2)	(469.3)
Total comprehensive (loss)/income for the year		-	-	-	-	(199.1)	-	-	-	131.8	(67.3)	206.7	139.4
Purchase of shares under share award scheme		-	(3.0)	-	-	-	-	-	-	-	(3.0)	-	(3.0)
Shares vested under share award scheme		-	7.0	-	(5.6)	-	-	-	-	(1.4)	-	-	-
Forfeiture of share options		-	-	-	(0.4)	-	-	-	-	0.4	-	-	-
Employee share-based compensation benefits		-	-	-	2.4	-	-	-	-	-	2.4	-	2.4
Acquisition, divestment and dilution of interests in subsidiary companies		-	-	-	-	-	(3.7)	-	-	-	(3.7)	0.2	(3.5)
2017 final distribution paid		-	-	-	-	-	-	-	(30.4)	-	(30.4)	-	(30.4)
2018 interim distribution paid	7	-	-	-	-	-	-	-	(44.2)	-	(44.2)	-	(44.2)
Acquisition of subsidiary companies		-	-	-	-	-	-	-	-	-	-	136.4	136.4
Capital contributions from non-controlling shareholders		-	-	-	-	-	-	-	-	-	-	38.3	38.3
Dividends declared and paid to non-controlling shareholders		-	-	-	-	-	-	-	-	-	-	(275.2)	(275.2)
At 31 December 2018		43.4	(4.9)	62.0	57.3	(886.9)	452.4	12.6	1,765.6	1,582.1	3,083.6	5,626.8	8,710.4
At 1 January 2019		43.4	(4.9)	62.0	57.3	(886.9)	452.4	12.6	1,765.6	1,582.1	3,083.6	5,626.8	**8,710.4**
Impact on initial application of HKFRS 16	1(B)	-	-	-	-	-	-	-	-	(5.6)	(5.6)	(1.6)	**(7.2)**
At 1 January 2019 (As adjusted)		43.4	(4.9)	62.0	57.3	(886.9)	452.4	12.6	1,765.6	1,576.5	3,078.0	5,625.2	**8,703.2**
(Loss)/profit for the year		-	-	-	-	-	-	-	-	(253.9)	(253.9)	375.0	**121.1**
Other comprehensive income for the year		-	-	-	-	170.4	-	-	-	-	170.4	250.1	**420.5**
Total comprehensive income/(loss) for the year		-	-	-	-	170.4	-	-	-	(253.9)	(83.5)	625.1	**541.6**
Purchase of shares under share award scheme		-	(2.0)	-	-	-	-	-	-	-	(2.0)	-	**(2.0)**
Issue of shares under share award scheme		-	(1.1)	1.1	-	-	-	-	-	-	-	-	**-**
Shares vested under share award scheme		-	4.8	-	(5.2)	-	-	-	-	0.4	-	-	**-**
Cancelation of share options		-	-	-	(40.3)	-	-	-	-	40.3	-	-	**-**
Employee share-based compensation benefits		-	-	-	(0.9)	-	(1.7)	-	-	2.3	(0.3)	4.1	**3.8**
Acquisition, divestment and dilution of interests in subsidiary companies		-	-	-	-	-	3.1	-	-	-	3.1	(92.7)	**(89.6)**
Deconsolidation of a subsidiary company		-	-		-	0.3	(46.5)	-	-	46.2	-	(176.6)	**(176.6)**
Disposal of an associated company		-	-	-	-	0.1	-	-	-	(0.1)	-	-	**-**
Disposal of a joint venture		-	-		-	-	10.3	-	-	(10.3)	-	-	**-**
2018 final distribution paid	7	-	-	-	-	-	-	-	(30.6)	-	(30.6)	-	**(30.6)**
2019 interim distribution paid	7	-	-	-	-	-	-	-	(36.0)	-	(36.0)	-	**(36.0)**
Acquisition of a subsidiary company		-	-	-	-	-	-	-	-	-	-	4.1	**4.1**
Capital contributions from non-controlling shareholders		-	-	-	-	-	-	-	-	-	-	82.7	**82.7**
Dividends declared and paid to non-controlling shareholders		-	-	-	-	-	-	-	-	-	-	(242.6)	**(242.6)**
At 31 December 2019		**43.4**	**(3.2)**	**63.1**	**10.9**	**(716.1)**	**417.6**	**12.6**	**1,699.0**	**1,401.4**	**2,928.7**	**5,829.3**	**8,758.0**

HK$ millions*	Notes	Equity attributable to owners of the parent											
		Issued share capital	Shares held for share award scheme	Share premium	Employee share-based compensation reserve	Other comprehensive (loss)/income (Note 10)	Differences arising from changes in equities of subsidiary companies	Capital and other reserves	Contributed surplus	Retained earnings	Total	Non-controlling interests	**Total equity**
At 1 January 2018		338.5	(69.4)	483.6	475.0	(5,364.8)	3,557.6	98.3	14,353.5	11,320.2	25,192.5	43,059.1	68,251.6
Profit for the year		-	-	-	-	-	-	-	-	1,028.0	1,028.0	3,719.9	4,747.9
Other comprehensive loss for the year		-	-	-	-	(1,553.0)	-	-	-	-	(1,553.0)	(2,107.6)	(3,660.6)
Total comprehensive (loss)/income for the year		-	-	-	-	(1,553.0)	-	-	-	1,028.0	(525.0)	1,612.3	1,087.3
Purchase of shares under share award scheme		-	(23.4)	-	-	-	-	-	-	-	(23.4)	-	(23.4)
Shares vested under share award scheme		-	54.6	-	(43.7)	-	-	-	-	(10.9)	-	-	-
Forfeiture of share options		-	-	-	(3.1)	-	-	-	-	3.1	-	-	-
Employee share-based compensation benefits		-	-	-	18.7	-	-	-	-	-	18.7	-	18.7
Acquisition, divestment and dilution of interests in subsidiary companies		-	-	-	-	-	(28.9)	-	-	-	(28.9)	1.6	(27.3)
2017 final distribution paid		-	-	-	-	-	-	-	(237.0)	-	(237.0)	-	(237.0)
2018 interim distribution paid	7	-	-	-	-	-	-	-	(344.8)	-	(344.8)	-	(344.8)
Acquisition of subsidiary companies		-	-	-	-	-	-	-	-	-	-	1,063.9	1,063.9
Capital contributions from non-controlling shareholders		-	-	-	-	-	-	-	-	-	-	298.7	298.7
Dividends declared and paid to non-controlling shareholders		-	-	-	-	-	-	-	-	-	-	(2,146.6)	(2,146.6)
At 31 December 2018		338.5	(38.2)	483.6	446.9	(6,917.8)	3,528.7	98.3	13,771.7	12,340.4	24,052.1	43,889.0	67,941.1
At 1 January 2019		338.5	(38.2)	483.6	446.9	(6,917.8)	3,528.7	98.3	13,771.7	12,340.4	24,052.1	43,889.0	**67,941.1**
Impact on initial application of HKFRS 16	1(B)	-	-	-	-	-	-	-	-	(43.7)	(43.7)	(12.5)	**(56.2)**
At 1 January 2019 (As adjusted)		338.5	(38.2)	483.6	446.9	(6,917.8)	3,528.7	98.3	13,771.7	12,296.7	24,008.4	43,876.5	**67,884.9**
(Loss)/profit for the year		-	-	-	-	-	-	-	-	(1,980.4)	(1,980.4)	2,925.0	**944.6**
Other comprehensive income for the year		-	-	-	-	1,329.1	-	-	-	-	1,329.1	1,950.8	**3,279.9**
Total comprehensive income/(loss) for the year		-	-	-	-	1,329.1	-	-	-	(1,980.4)	(651.3)	4,875.8	**4,224.5**
Purchase of shares under share award scheme		-	(15.6)	-	-	-	-	-	-	-	(15.6)	-	**(15.6)**
Issue of shares under share award scheme		-	(8.6)	8.6	-	-	-	-	-	-	-	-	**-**
Shares vested under share award scheme		-	37.4	-	(40.5)	-	-	-	-	3.1	-	-	**-**
Cancelation of share options		-	-	-	(314.3)	-	-	-	-	314.3	-	-	**-**
Employee share-based compensation benefits		-	-	-	(7.1)	-	(13.3)	-	-	18.0	(2.4)	32.0	**29.6**
Acquisition, divestment and dilution of interests in subsidiary companies		-	-	-	-	-	24.2	-	-	-	24.2	(723.0)	**(698.8)**
Deconsolidation of a subsidiary company		-	-	-	-	2.3	(362.7)	-	-	360.4	-	(1,377.5)	**(1,377.5)**
Disposal of an associated company		-	-	-	-	0.8	-	-	-	(0.8)	-	-	**-**
Disposal of a joint venture		-	-	-	-	-	80.4	-	-	(80.4)	-	-	**-**
2018 final distribution paid	7	-	-	-	-	-	-	-	(238.7)	-	(238.7)	-	**(238.7)**
2019 interim distribution paid	7	-	-	-	-	-	-	-	(280.8)	-	(280.8)	-	**(280.8)**
Acquisition of a subsidiary company		-	-	-	-	-	-	-	-	-	-	32.0	**32.0**
Capital contributions from non-controlling shareholders		-	-	-	-	-	-	-	-	-	-	645.1	**645.1**
Dividends declared and paid to non-controlling shareholders		-	-	-	-	-	-	-	-	-	-	(1,892.3)	**(1,892.3)**
At 31 December 2019		**338.5**	**(25.0)**	**492.2**	**85.0**	**(5,585.6)**	**3,257.3**	**98.3**	**13,252.2**	**10,930.9**	**22,843.8**	**45,468.6**	**68,312.4**

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December	Notes	2019 US$m	2018 US$m	2019 HK$m*	2018 HK$m*
Profit before taxation		**588.0**	901.3	**4,586.4**	7,030.2
Adjustments for:					
Provisions for impairment losses	3	**867.3**	122.1	**6,764.9**	952.4
Finance costs		**477.4**	422.3	**3,723.7**	3,293.9
Depreciation	3	**404.4**	344.0	**3,154.3**	2,683.2
Loss on disposal of a joint venture	3	**308.3**	-	**2,404.8**	-
Amortization of other intangible assets	3	**128.8**	117.1	**1,004.6**	913.4
Provision for onerous contracts, net	3	**3.2**	15.7	**25.0**	122.5
Employee share-based compensation benefit expenses		**3.2**	4.3	**25.0**	33.5
Gain on deconsolidation of a subsidiary company	3	**(621.0)**	-	**(4,843.8)**	-
Share of profits less losses of associated companies and joint ventures		**(335.1)**	(319.5)	**(2,613.8)**	(2,492.1)
Interest income		**(85.7)**	(64.6)	**(668.5)**	(503.9)
(Gain)/loss on changes in fair value of biological assets	3	**(13.5)**	2.2	**(105.3)**	17.2
Gain on disposal of an associated company	3	**(6.3)**	-	**(49.1)**	-
Gain on disposal of assets classified as held for sale	3	**(2.9)**	-	**(22.6)**	-
Gain on sale of property, plant and equipment	3	**(0.7)**	(1.7)	**(5.5)**	(13.3)
Loss on deemed disposal of an interest in a joint venture	3	**-**	2.0	**-**	15.6
Loss on divestment of an interest in an associated company	3	**-**	0.2	**-**	1.6
Gain on remeasurement of previously held interests in associated companies	3	**-**	(17.8)	**-**	(138.9)
Gain on remeasurement of a previously held interest in a joint venture	3	**-**	(14.8)	**-**	(115.5)
Others		**7.7**	4.0	**60.1**	31.2
		1,723.1	1,516.8	**13,440.2**	11,831.0
Increase in accounts payable, other payables and accruals		**168.0**	107.2	**1,310.4**	836.2
Decrease/(increase) in inventories		**149.7**	(112.5)	**1,167.7**	(877.5)
Decrease/(increase) in accounts receivable, other receivables and prepayments		**66.0**	(109.1)	**514.8**	(851.0)
Increase in other non-current assets		**(12.1)**	(18.9)	**(94.4)**	(147.4)
Net cash generated from operations		**2,094.7**	1,383.5	**16,338.7**	10,791.3
Interest received		**88.5**	67.3	**690.3**	524.9
Interest paid		**(417.5)**	(397.6)	**(3,256.5)**	(3,101.3)
Taxes paid		**(310.2)**	(319.1)	**(2,419.6)**	(2,488.9)
Net cash flows from operating activities		**1,455.5**	734.1	**11,352.9**	5,726.0
Disposal of a subsidiary company		**430.2**	-	**3,355.6**	-
Proceeds from disposal of financial assets at fair value through other comprehensive income		**306.3**	2.5	**2,389.2**	19.5
Disposal of a joint venture		**275.0**	-	**2,145.0**	-
Dividends received from associated companies and a joint venture		**265.2**	251.2	**2,068.5**	1,959.3
Proceeds from instalment payments for disposal of a subsidiary company		**47.6**	31.4	**371.3**	244.9
Proceeds from disposal of property, plant and equipment		**18.8**	13.6	**146.6**	106.1
Disposal of an associated company		**16.7**	-	**130.3**	-
Dividends received from financial assets at fair value through other comprehensive income		**5.5**	6.6	**42.9**	51.5
Investments in other intangible assets		**(942.2)**	(569.6)	**(7,349.2)**	(4,442.9)
Payments for purchases of property, plant and equipment		**(421.1)**	(665.7)	**(3,284.6)**	(5,192.5)
(Increase)/decrease in time deposits with original maturity of more than three months		**(183.0)**	152.5	**(1,427.4)**	1,189.5
Increased investments in joint ventures		**(69.8)**	(75.9)	**(544.4)**	(592.0)
Instalment payment for acquisition of a subsidiary company		**(47.5)**	(46.5)	**(370.5)**	(362.7)
Investments in biological assets		**(13.2)**	(0.7)	**(103.0)**	(5.5)
Advances to a joint venture		**(10.7)**	(7.9)	**(83.5)**	(61.6)
Increased investments in associated companies		**(7.7)**	(35.6)	**(60.1)**	(277.7)
Increase in restricted cash		**(2.8)**	(17.3)	**(21.8)**	(134.9)
Acquisitions of financial assets at fair value through other comprehensive income		**(0.8)**	(232.5)	**(6.2)**	(1,813.5)
Acquisitions of subsidiary companies		**(0.2)**	(79.5)	**(1.6)**	(620.1)
Investments in associated companies		**-**	(51.1)	**-**	(398.6)
Investments in joint ventures		**-**	(6.8)	**-**	(53.0)
Proceeds from divestment of interests in associated companies		**-**	2.7	**-**	21.1
Net cash flows used in investing activities		**(333.7)**	(1,328.6)	**(2,602.9)**	(10,363.1)
Proceeds from new bank borrowings and other loans		**4,078.5**	3,983.4	**31,812.3**	31,070.5
Capital contributions from non-controlling shareholders		**82.7**	38.3	**645.1**	298.7
Loans from non-controlling shareholders		**5.8**	-	**45.2**	-
Proceeds from shares issued to non-controlling shareholders by subsidiary companies		**2.4**	0.8	**18.7**	6.3
Proceeds from the issue of shares under a long-term incentive plan		**1.1**	-	**8.6**	-
Repayments of bank borrowings and other loans		**(3,849.4)**	(3,325.5)	**(30,025.3)**	(25,938.9)
Dividends paid to non-controlling shareholders by subsidiary companies		**(235.1)**	(275.2)	**(1,833.7)**	(2,146.6)
Increased investments in subsidiary companies		**(98.0)**	(34.6)	**(764.4)**	(269.9)
Distributions paid to shareholders		**(66.6)**	(74.6)	**(519.5)**	(581.8)
Payments for concession fees payable		**(32.4)**	(19.1)	**(252.7)**	(149.0)
Principal portion of lease payments		**(20.0)**	-	**(156.0)**	-
Payments for purchase and subscription of shares under a long-term incentive plan		**(3.1)**	(3.0)	**(24.2)**	(23.4)
Repurchase of a subsidiary company's shares		**(0.1)**	(0.2)	**(0.8)**	(1.6)
Proceeds from divestment of an interest in a subsidiary company		**-**	25.7	**-**	200.5
Net cash flows (used in)/from financing activities		**(134.2)**	316.0	**(1,046.7)**	2,464.8
Net increase/(decrease) in cash and cash equivalents		**987.6**	(278.5)	**7,703.3**	(2,172.3)
Cash and cash equivalents at 1 January		**1,613.4**	1,987.3	**12,584.5**	15,501.0
Exchange translation		**49.8**	(95.4)	**388.4**	(744.2)
Cash and cash equivalents at 31 December		**2,650.8**	1,613.4	**20,676.2**	12,584.5
Representing					
Cash and cash equivalents and short-term deposits as stated in the consolidated statement of financial position		**2,846.4**	1,630.8	**22,201.9**	12,720.2
Less: bank overdrafts		**(1.3)**	-	**(10.2)**	-
Less: short-term deposits and time deposits with original maturity of more than three months		**(194.3)**	(17.4)	**(1,515.5)**	(135.7)
Cash and cash equivalents at 31 December		**2,650.8**	1,613.4	**20,676.2**	12,584.5

Notes:

1. **Basis of preparation and changes to the Group's accounting policies**

(A) Basis of preparation

The consolidated financial statements of First Pacific Company Limited ("First Pacific" or the "Company") and its subsidiary companies (the "Group") have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all HKFRSs, Hong Kong Accounting Standards ("HKASs") and Hong Kong (International Financial Reporting Interpretations Committee) – Interpretations ("HK(IFRIC)-Ints")) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. The consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") issued by The Stock Exchange of Hong Kong Limited ("SEHK"). The consolidated financial statements have been prepared on a historical cost basis, except for biological assets, investment properties, financial assets at fair value, derivative financial instruments and pension scheme assets which are stated at fair value. Assets classified as held for sale are stated at the lower of their carrying amounts and fair values less costs to sell. These consolidated financial statements are presented in U.S. dollar and all values are rounded to the nearest million with one decimal place except where otherwise indicated.

(B) New standards, interpretations and amendments adopted by the Group

During 2019, the Group has adopted the following new and revised HKFRSs (which include all HKFRSs, HKASs and HK(IFRIC) – Ints) effective for annual periods commencing on or after 1 January 2019 issued by the HKICPA.

HKAS 19 Amendments	"Plan Amendment, Curtailment or Settlement"
HKAS 28 Amendments	"Long-term Interests in Associates and Joint Ventures"
HKFRS 9 Amendments	"Prepayment Features with Negative Compensation"
HKFRS 16	"Leases"
HK(IFRIC)-Int 23	"Uncertainty over Income Tax Treatments"
Improvements to HKFRSs	Annual improvements to HKFRSs 2015 – 2017 Cycle

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective. The Group's adoption of the above pronouncements, except for HKFRS 16, has had no material effect on both the loss/profit attributable to owners of the parent for the year ended 31 December 2019 and 2018 and the equity attributable to owners of the parent at 31 December 2019 and 2018.

The Group has adopted HKFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initial adoption as an adjustment to the opening balance of equity at 1 January 2019, and the comparative information for 2018 was not restated and continued to be reported under HKAS 17 and related interpretations. The following table summarizes the adjustments recognized for each individual line item affected in the consolidated statement of financial position arising from the adoption of HKFRS 16 at 1 January 2019:

Consolidated statement of financial position (extract)	At 31 December 2018 US$m	Impact of HKFRS 16 US$m	At 1 January 2019 (As adjusted) US$m
Non-current assets			
Property, plant and equipment	5,157.4	140.2	5,297.6
Associated companies and joint ventures	4,877.3	(4.5)	4,872.8
Deferred tax assets	195.4	0.1	195.5
Other non-current assets	749.1	(58.2)	690.9
	10,979.2	77.6	11,056.8
Current assets			
Accounts receivable, other receivables and prepayments	1,133.9	(9.5)	1,124.4
Current liabilities			
Current portion of deferred liabilities, provisions and payables	419.8	19.2	439.0
Equity			
Retained earnings	1,582.1	(5.6)	1,576.5
Non-controlling interests	5,626.8	(1.6)	5,625.2
	7,208.9	(7.2)	7,201.7
Non-current liabilities			
Deferred liabilities, provisions and payables	1,488.9	56.1	1,545.0

Consolidated statement of financial position (extract)	At 31 December 2018 HK$m*	Impact of HKFRS 16 HK$m*	At 1 January 2019 (As adjusted) HK$m*
Non-current assets			
Property, plant and equipment	40,227.7	1,093.6	41,321.3
Associated companies and joint ventures	38,042.9	(35.1)	38,007.8
Deferred tax assets	1,524.1	0.8	1,524.9
Other non-current assets	5,843.0	(454.0)	5,389.0
	85,637.7	605.3	86,243.0
Current assets			
Accounts receivable, other receivables and prepayments	8,844.4	(74.1)	8,770.3
Current liabilities			
Current portion of deferred liabilities, provisions and payables	3,274.4	149.8	3,424.2
Equity			
Retained earnings	12,340.4	(43.7)	12,296.7
Non-controlling interests	43,889.0	(12.5)	43,876.5
	56,229.4	(56.2)	56,173.2
Non-current liabilities			
Deferred liabilities, provisions and payables	11,613.5	437.6	12,051.1

Further information on the changes in accounting policies and the effect of adjustments as well as additional disclosures upon the adoption of HKFRS 16 are set out in the Group's 2019 annual report.

2. Turnover and operating segmental information

For the year ended 31 December	2019 US$m	2018 US$m	2019 HK$m*	2018 HK$m*
Turnover				
Sale of goods				
- Consumer Food Products	**5,528.8**	5,293.7	**43,124.7**	41,290.9
- Infrastructure	**76.9**	58.2	**599.8**	453.9
Sale of electricity				
- Infrastructure	**1,191.4**	1,241.5	**9,292.9**	9,683.7
Rendering of services				
- Consumer Food Products	**103.0**	144.3	**803.4**	1,125.5
- Infrastructure	**1,154.6**	1,004.7	**9,005.9**	7,836.7
Total	**8,054.7**	7,742.4	**62,826.7**	60,390.7

Operating segmental information

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group), whose operating results are regularly reviewed by the Group's chief operating decision maker who makes decisions about how resources are to be allocated to the segment and assesses its performance, and for which discrete financial information is available to him.

The Board of Directors considers the business of the Group from both product or service and geographical perspectives. From the product or service perspective, the Group's business interests are divided into four main segments, which are consumer food products, telecommunications, infrastructure and natural resources. Geographically, the Board of Directors considers that the businesses of the Group are operating in the Indonesia, Philippines, Australasia and Singapore and the turnover information is based on the locations of the customers.

The Board of Directors assesses the performance of the operating segments based on a measure of recurring profit. This basis measures the profit attributable to owners of the parent excluding the effects of foreign exchange and derivative gains/losses, gain/ loss on changes in fair value of biological assets and non-recurring items. Non-recurring items represent certain items, through occurrence or size, which are not considered as usual operating items. The amounts provided to the Board of Directors with respect to total assets and total liabilities are measured in a manner consistent with that of the consolidated financial statements. These assets and liabilities are allocated based on the operations of the segment and the physical location of the assets.

The revenue, results and other information for the years ended 31 December 2019 and 2018, and total assets and total liabilities at 31 December 2019 and 2018 regarding the Group's operating segments are as follows:

By Principal Business Activity - 2019

For the year ended/at 31 December	Consumer Food Products US$m	Telecom-munications US$m	Infrastructure US$m	Natural Resources US$m	Head Office US$m	**2019 Total US$m**	**2019 Total HK$m***
Revenue							
Turnover							
- Point in time	5,528.8	-	76.9	-	-	**5,605.7**	**43,724.5**
- Over time	103.0	-	2,346.0	-	-	**2,449.0**	**19,102.2**
Total	5,631.8	-	2,422.9	-	-	**8,054.7**	**62,826.7**
Results							
Recurring profit	159.0	119.3	116.3	1.0	(105.6)	**290.0**	**2,262.0**
Assets and Liabilities							
Non-current assets (other than financial instruments and deferred tax assets)							
- Associated companies and joint ventures	94.9	1,154.1	3,369.1	169.6	-	**4,787.7**	**37,344.1**
- Others	4,357.0	-	7,018.5	-	13.1	**11,388.6**	**88,831.0**
	4,451.9	1,154.1	10,387.6	169.6	13.1	**16,176.3**	**126,175.1**
Other assets	2,824.0	-	2,299.2	-	444.4	**5,567.6**	**43,427.3**
Segment assets	7,275.9	1,154.1	12,686.8	169.6	457.5	**21,743.9**	**169,602.4**
Assets classified as held for sale	138.6	-	-	-	-	**138.6**	**1,081.1**
Total assets	7,414.5	1,154.1	12,686.8	169.6	457.5	**21,882.5**	**170,683.5**
Borrowings	1,839.0	-	5,436.2	-	1,655.6	**8,930.8**	**69,660.2**
Other liabilities	1,455.6	-	2,580.9	-	131.8	**4,168.3**	**32,512.8**
Segment liabilities	3,294.6	-	8,017.1	-	1,787.4	**13,099.1**	**102,173.0**
Liabilities directly associated with the assets classified as held for sale	25.4	-	-	-	-	**25.4**	**198.1**
Total liabilities	3,320.0	-	8,017.1	-	1,787.4	**13,124.5**	**102,371.1**
Other Information							
Depreciation and amortization	(269.4)	-	(260.7)	-	(6.3)	**(536.4)**	**(4,183.9)**
Gain on changes in fair value of biological assets	13.5	-	-	-	-	**13.5**	**105.3**
Gain on deconsolidation of a subsidiary company	-	-	621.0	-	-	**621.0**	**4,843.8**
Loss on disposal of a joint venture	(308.3)	-	-	-	-	**(308.3)**	**(2,404.8)**
Gain on disposal of an associated company	6.3	-	-	-	-	**6.3**	**49.1**
Impairment losses	(31.7)	-	(835.6)	-	-	**(867.3)**	**(6,764.9)**
Interest income	33.7	-	44.8	-	7.2	**85.7**	**668.5**
Finance costs	(137.3)	-	(259.9)	-	(80.2)	**(477.4)**	**(3,723.7)**
Share of profits less losses of associated companies and joint ventures	(8.7)	115.4	265.8	(37.4)	-	**335.1**	**2,613.8**
Taxation	(194.6)	-	(258.6)	-	(13.7)	**(466.9)**	**(3,641.8)**
Additions to non-current assets (other than financial instruments and deferred tax assets)	346.2	-	1,220.4	-	12.6	**1,579.2**	**12,317.8**

By Geographical Market - 2019

For the year ended/at 31 December	Indonesia US$m	The Philippines US$m	Australasia US$m	Singapore US$m	Others US$m	**2019 Total US$m**	**2019 Total HK$m***
Revenue							
Turnover							
- Consumer Food Products	4,817.5	241.1	44.0	51.9	477.3	**5,631.8**	**43,928.1**
- Infrastructure	41.7	1,667.8	-	713.4	-	**2,422.9**	**18,898.6**
Total	4,859.2	1,908.9	44.0	765.3	477.3	**8,054.7**	**62,826.7**
Assets							
Non-current assets (other than financial instruments and deferred tax assets)	3,932.5	11,494.3	-	681.1	68.4	**16,176.3**	**126,175.1**

By Principal Business Activity - 2018

For the year ended/at 31 December	Consumer Food Products US$m	Telecom-munications US$m	Infrastructure US$m	Natural Resources US$m	Head Office US$m	2018 Total US$m	2018 Total HK$m*
Revenue							
Turnover							
- Point in time	5,293.7	-	58.2	-	-	5,351.9	41,744.8
- Over time	144.3	-	2,246.2	-	-	2,390.5	18,645.9
Total	5,438.0	-	2,304.4	-	-	7,742.4	60,390.7
Results							
Recurring profit	155.6	120.7	114.7	2.9	(104.4)	289.5	2,258.1
Assets and Liabilities							
Non-current assets (other than financial instruments and deferred tax assets)							
- Associated companies and joint ventures	631.7	1,136.6	2,896.8	212.2	-	4,877.3	38,042.9
- Others	4,185.2	-	6,947.7	-	0.1	11,133.0	86,837.4
	4,816.9	1,136.6	9,844.5	212.2	0.1	16,010.3	124,880.3
Other assets	2,854.9	-	1,719.6	-	191.8	4,766.3	37,177.2
Segment assets	7,671.8	1,136.6	11,564.1	212.2	191.9	20,776.6	162,057.5
Assets classified as held for sale	101.1	-	23.8	-	-	124.9	974.2
Total assets	7,772.9	1,136.6	11,587.9	212.2	191.9	20,901.5	163,031.7
Borrowings	2,272.6	-	4,605.5	-	1,639.8	8,517.9	66,439.6
Other liabilities	1,259.5	-	2,273.3	-	120.9	3,653.7	28,498.9
Segment liabilities	3,532.1	-	6,878.8	-	1,760.7	12,171.6	94,938.5
Liabilities directly associated with the assets classified as held for sale	19.5	-	-	-	-	19.5	152.1
Total liabilities	3,551.6	-	6,878.8	-	1,760.7	12,191.1	95,090.6
Other Information							
Depreciation and amortization	(240.1)	-	(222.7)	-	(2.6)	(465.4)	(3,630.1)
Loss on changes in fair value of biological assets	(2.2)	-	-	-	-	(2.2)	(17.2)
Impairment losses	(8.8)	-	(31.2)	-	(82.1)	(122.1)	(952.4)
Interest income	29.5	-	28.4	-	6.7	64.6	503.9
Finance costs	(118.7)	-	(223.8)	-	(79.8)	(422.3)	(3,293.9)
Share of profits less losses of associated companies and joint ventures	8.6	94.3	216.3	0.3	-	319.5	2,492.1
Taxation	(159.0)	-	(133.3)	-	(0.3)	(292.6)	(2,282.3)
Additions to non-current assets (other than financial instruments and deferred tax assets)	711.2	-	1,125.0	-	0.1	1,836.3	14,323.1

By Geographical Market - 2018

For the year ended/at 31 December	Indonesia US$m	The Philippines US$m	Australasia US$m	Singapore US$m	Others US$m	2018 Total US$m	2018 Total HK$m*
Revenue							
Turnover							
- Consumer Food Products	4,670.4	322.0	40.4	51.7	353.5	5,438.0	42,416.4
- Infrastructure	21.1	1,554.7	-	728.6	-	2,304.4	17,974.3
Total	4,691.5	1,876.7	40.4	780.3	353.5	7,742.4	60,390.7
Assets							
Non-current assets (other than financial instruments and deferred tax assets)	3,703.1	10,613.4	539.8	1,107.2	46.8	16,010.3	124,880.3

There was no revenue from transactions with a single customer that accounted for 10% or more of the Group's consolidated revenues during the year (2018: None).

3. Profit before taxation

For the year ended 31 December	2019 US$m	2018 US$m	2019 HK$m*	2018 HK$m*
Profit before taxation is stated after (charging)/crediting				
Cost of inventories sold	**(2,829.6)**	(2,806.8)	**(22,070.9)**	(21,893.0)
Cost of services rendered	**(1,593.5)**	(1,585.7)	**(12,429.3)**	(12,368.5)
Employees' remuneration	**(874.6)**	(816.4)	**(6,821.9)**	(6,367.9)
Depreciation	**(404.4)**	(344.0)	**(3,154.3)**	(2,683.2)
Loss on disposal of a joint venture(ii)	**(308.3)**	-	**(2,404.8)**	-
Amortization of other intangible assets(i)	**(128.8)**	(117.1)	**(1,004.6)**	(913.4)
Impairment losses				
- Goodwill(ii)	**(407.5)**	(0.8)	**(3,178.5)**	(6.3)
- Other intangible assets(ii)	**(221.8)**	-	**(1,730.0)**	-
- Property, plant and equipment(ii)	**(206.0)**	-	**(1,606.8)**	-
- Other receivables(ii)	**(10.0)**	-	**(78.0)**	-
- Inventories(iii)	**(9.0)**	(7.5)	**(70.2)**	(58.5)
- Accounts receivable(iv)	**(7.0)**	(17.4)	**(54.6)**	(135.7)
- Associated companies and joint ventures(ii)	**(6.0)**	(96.4)	**(46.8)**	(751.9)
Expenses relating to short-term leases and other leases with remaining lease terms ended on or before 31 December 2019	**(13.2)**	-	**(103.0)**	-
Auditor's remuneration				
- Audit services	**(4.5)**	(4.5)	**(35.1)**	(35.1)
- Non-audit services(v)	**(1.5)**	(0.6)	**(11.7)**	(4.7)
Provision for onerous contracts, net	**(3.2)**	(15.7)	**(25.0)**	(122.5)
Expenses relating to leases of low-value assets	**(0.4)**	-	**(3.1)**	-
Minimum lease payments under operating leases				
- Land and buildings	**-**	(21.9)	**-**	(170.8)
- Plant and equipment	**-**	(20.8)	**-**	(162.2)
- Others	**-**	(8.9)	**-**	(69.4)
Gain on deconsolidation of a subsidiary company(ii)	**621.0**	-	**4,843.8**	-
Gain/(loss) on changes in fair value of biological assets	**13.5**	(2.2)	**105.3**	(17.2)
Foreign exchange and derivative gains/(losses), net	**6.3**	(8.4)	**49.1**	(65.5)
Gain on disposal of an associated company	**6.3**	-	**49.1**	-
Dividend income from financial assets at fair value through other comprehensive income	**5.5**	6.6	**42.9**	51.5
Gain on disposal of assets classified as held for sale	**2.9**	-	**22.6**	-
Gain on sale of property, plant and equipment	**0.7**	1.7	**5.5**	13.3
Loss on deemed disposal of an interest in a joint venture	**-**	(2.0)	**-**	(15.6)
Loss on divestment of an interest in an associated company	**-**	(0.2)	**-**	(1.6)
Gain on remeasurement of previously held interests in associated companies	**-**	17.8	**-**	138.9
Gain on remeasurement of a previously held interest in a joint venture	**-**	14.8	**-**	115.5

(i) US$112.4 million (HK$876.7 million) (2018: US$101.2 million or HK$789.3 million) included in cost of sales, US$13.7 million (HK$106.8 million) (2018: US$14.2 million or HK$110.8 million) included in other operating expenses, net, and US$2.7 million (HK$21.1 million) (2018: US$1.7 million or HK$13.3 million) included in administrative expenses

(ii) Included in other operating expenses, net

(iii) Included in cost of sales

(iv) Included in selling and distribution expenses

(v) Pertained to due diligence, review of continuing connected transactions and other transactions relating to the Group's business development

4. Taxation

No Hong Kong profits tax (2018: Nil) has been provided as the Group had no estimated assessable profits (2018: Nil) arising in Hong Kong for the year. Taxation on assessable profits generated outside Hong Kong has been provided at the rates of taxation prevailing in the countries in which the Company's subsidiary companies operate.

For the year ended 31 December	2019 US$m	2018 US$m	2019 HK$m*	2018 HK$m*
Subsidiary companies - overseas				
Current taxation	**349.0**	308.7	**2,722.2**	2,407.9
Deferred taxation	**117.9**	(16.1)	**919.6**	(125.6)
Total	**466.9**	292.6	**3,641.8**	2,282.3

Included within the share of profits less losses of associated companies and joint ventures is taxation of US$111.3 million (HK$868.1 million) (2018: US$94.6 million or HK$737.9 million) which is analyzed as follows:

For the year ended 31 December	2019 US$m	2018 US$m	2019 HK$m*	2018 HK$m*
Associated companies and joint ventures - overseas				
Current taxation	**129.1**	120.6	**1,007.0**	940.7
Deferred taxation	**(17.8)**	(26.0)	**(138.9)**	(202.8)
Total	**111.3**	94.6	**868.1**	737.9

5. (Loss)/profit attributable to owners of the parent

The (loss)/profit attributable to owners of the parent includes net foreign exchange and derivative gains of US$6.8 million (HK$53.0 million) (2018: US$0.4 million or HK$3.1 million), which represent the foreign exchange translation differences on the Group's unhedged foreign currency denominated net assets/liabilities and the changes in the fair values of derivatives, gain on changes in fair value of biological assets of US$3.0 million (HK$23.4 million) (2018: loss of US$0.3 million or HK$2.3 million) and net non-recurring losses of US$553.7 million (HK$4,318.9 million) (2018: US$157.8 million or HK$1,230.8 million).

Analysis of foreign exchange and derivative gains/(losses), net

For the year ended 31 December	2019 US$m	2018 US$m	2019 HK$m*	2018 HK$m*
Foreign exchange and derivative gains/(losses)				
- Subsidiary companies	**6.3**	(8.4)	**49.1**	(65.5)
- Associated companies and joint ventures	**(0.9)**	10.9	**(7.0)**	85.0
Subtotal	**5.4**	2.5	**42.1**	19.5
Attributable to taxation and non-controlling interests	**1.4**	(2.1)	**10.9**	(16.4)
Total	**6.8**	0.4	**53.0**	3.1

The non-recurring losses represent certain items, through occurrence or size, which are not considered as usual operating items. For the year ended 31 December 2019, non-recurring losses of US$553.7 million (HK$4,318.9 million) mainly represent (a) the Group's loss on disposal of Goodman Fielder Pty Limited ("Goodman Fielder") (US$308.3 million or HK$2,404.8 million), (b) impairment provisions for the Group's investments in PLP (US$249.5 million or HK$1,946.1 million) and Philex's mining assets (US$37.5 million or HK$292.5 million), and MPIC's investments in Maynilad Water Services, Inc. ("Maynilad"), MetroPac Movers, Inc. ("MMI") and other water investments (US$124.2 million or HK$968.8 million), (c) PLDT's manpower reduction costs (US$11.5 million or HK$89.7 million), PLP's provision for onerous contracts (US$6.9 million or HK$53.8 million) and RHI's write-off of deferred tax assets (US$6.7 million or HK$52.3 million), partly offset by MPIC's gain on deconsolidation of Metro Pacific Hospital Holdings, Inc. ("MPHHI") (US$210.6 million or HK$1,642.7 million).

6. (Loss)/earnings per share attributable to owners of the parent

The calculation of the basic (loss)/earnings per share is based on the (loss)/profit for the year attributable to owners of the parent, and the weighted average number of ordinary shares of 4,344.1 million (2018: 4,342.0 million) in issue less the weighted average number of ordinary shares held for a share award scheme of 5.1 million (2018: 8.7 million) during the year.

The calculation of the diluted (loss)/earnings per share is based on the (loss)/profit for the year attributable to owners of the parent, adjusted to reflect the dilutive impact of share options and the restricted stock unit plan of the Group's subsidiary and associated companies, where applicable. The weighted average number of ordinary shares used in the calculation is based on the number of ordinary shares used in the basic (loss)/earnings per share calculation adjusted for the dilutive effect of share options and awarded shares of the Company, where applicable.

The calculations of basic and diluted (loss)/earnings per share are based on:

For the year ended 31 December	2019 US$m	2018 US$m	2019 HK$m*	2018 HK$m*
(Loss)/earnings				
(Loss)/profit attributable to owners of the parent used in the basic (loss)/earnings per share calculation	**(253.9)**	131.8	**(1,980.4)**	1,028.0
Less: Dilutive impact in respect of the share options and the restricted stock unit plan of a subsidiary company	-	(0.1)	-	(0.8)
(Loss)/profit attributable to owners of the parent used in the diluted (loss)/earnings per share calculation	**(253.9)**	131.7	**(1,980.4)**	1,027.2

For the year ended 31 December Millions	Number of shares **2019**	2018
Shares		
Weighted average number of ordinary shares issued during the year	**4,344.1**	4,342.0
Less: Weighted average number of ordinary shares held for a share award scheme	**(5.1)**	(8.7)
Weighted average number of ordinary shares used in the basic (loss)/earnings per share calculation	**4,339.0**	4,333.3
Add: Dilutive impact of awarded shares on the weighted average number of ordinary shares	**-**	7.5
Weighted average number of ordinary shares used in the diluted (loss)/earnings per share calculation	**4,339.0**	4,340.8

For the year ended 31 December 2019, the effect of share options and awarded shares (2018: share options) of the Company on the weighted average number of ordinary shares was anti-dilutive and therefore not included in the above calculation of diluted (loss)/earnings per share.

7. Ordinary share distribution

	Per ordinary share				Total			
For the year ended 31 December	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018
	US¢	US¢	**HK¢***	HK¢*	**US$m**	US$m	**HK$m***	HK$m*
Interim	**0.83**	1.02	**6.50**	8.00	**36.0**	44.2	**280.8**	344.8
Proposed final/final	**0.90**	0.71	**7.00**	5.50	**39.0**	30.6	**304.1**	238.7
Total	**1.73**	1.73	**13.50**	13.50	**75.0**	74.8	**584.9**	583.5

The proposed final distribution for the year ended 31 December 2019 is subject to the approval of the Company's shareholders at the forthcoming AGM.

8. Accounts receivable, other receivables and prepayments

Included in accounts receivable, other receivables and prepayments are accounts receivable of US$642.9 million (HK$5,014.6 million) (2018: US$705.9 million or HK$5,506.0 million) with an aging profile based on the invoice date as follows:

At 31 December	**2019**	2018	**2019**	2018
	US$m	US$m	**HK$m***	HK$m*
0 to 30 days	**464.8**	601.7	**3,625.4**	4,693.3
31 to 60 days	**93.2**	35.8	**727.0**	279.2
61 to 90 days	**18.2**	12.8	**142.0**	99.8
Over 90 days	**66.7**	55.6	**520.2**	433.7
Total	**642.9**	705.9	**5,014.6**	5,506.0

9. Accounts payable, other payables and accruals

Included in accounts payable, other payables and accruals are accounts payable of US$460.4 million (HK$3,591.1 million) (2018: US$425.9 million or HK$3,322.0 million) with an aging profile based on invoice date as follows:

At 31 December	**2019**	2018	**2019**	2018
	US$m	US$m	**HK$m***	HK$m*
0 to 30 days	**389.8**	374.1	**3,040.4**	2,918.0
31 to 60 days	**16.9**	13.5	**131.8**	105.3
61 to 90 days	**2.6**	8.0	**20.3**	62.4
Over 90 days	**51.1**	30.3	**398.6**	236.3
Total	**460.4**	425.9	**3,591.1**	3,322.0

10. Other comprehensive (loss)/income attributable to owners of the parent

	Exchange reserve US$m	Fair value reserve of financial assets at FVOCI US$m	Unrealized gains/ (losses) on cash flow hedges US$m	Income tax related to cash flow hedges US$m	Actuarial (losses)/ gains on defined benefit pension plans US$m	Share of other comprehensive (loss)/income of associated companies and joint ventures US$m	Total US$m	Total HK$m*
At 1 January 2018	(588.6)	63.5	3.8	(1.3)	(27.3)	(137.9)	(687.8)	(5,364.8)
Other comprehensive (loss)/ income for the year	(226.3)	22.9	(23.1)	4.0	12.2	11.2	(199.1)	(1,553.0)
At 31 December 2018	(814.9)	86.4	(19.3)	2.7	(15.1)	(126.7)	(886.9)	(6,917.8)
At 1 January 2019	(814.9)	86.4	(19.3)	2.7	(15.1)	(126.7)	**(886.9)**	**(6,917.8)**
Other comprehensive income/ (loss) for the year	171.7	23.7	19.1	(3.2)	(1.8)	(39.1)	**170.4**	**1,329.1**
Disposal of an associated company	-	-	-	-	-	0.1	**0.1**	**0.8**
Deconsolidation of a subsidiary company	-	-	-	-	0.3	-	**0.3**	**2.3**
At 31 December 2019	**(643.2)**	**110.1**	**(0.2)**	**(0.5)**	**(16.6)**	**(165.7)**	**(716.1)**	**(5,585.6)**

11. Contingent liabilities

(a) At 31 December 2019, except for guarantees of US$41.3 million (2018: US$48.0 million) given by Indofood for loan facilities obtained by certain plantation farmers in relation to arrangements for those farmers' production and sale of fresh fruit bunches to Indofood, the Group had no significant contingent liabilities (2018: Nil).

(b) In Wilson P. Gamboa vs. Finance Secretary Margarito B. Teves, et. al. (G.R. No. 176579) (the "Gamboa Case"), the Supreme Court of the Philippines (the "Court") held the term "capital" in Section 11, Article XII of the 1987 Constitution refers only to "shares of stock entitled to vote in the election of directors" and thus only to voting common shares, and not to the "total outstanding capital stock (common and non-voting preferred shares)". It directed the Philippine Securities and Exchange Commission ("SEC") "to apply this definition of the term 'capital' in determining the extent of allowable foreign ownership in PLDT, and if there is a violation of Section 11, Article XII of the Constitution, to impose the appropriate sanctions under the law." On 9 October 2012, the Court issued a Resolution denying with finality all Motions for Reconsideration of the respondents. The Court decision became final and executory on 18 October 2012.

On 20 May 2013, the Philippine SEC issued SEC Memorandum Circular No. 8, Series of 2013 – Guidelines on Compliance with the Filipino-Foreign Ownership Requirements Prescribed in the Constitution and/or Existing Laws by Corporations Engaged in Nationalized and Partly-Nationalized Activities, or MC No. 8, which provides that the required percentage of Filipino ownership shall be applied to BOTH (a) the total number of outstanding shares of stock entitled to vote in the election of directors; AND (b) the total number of outstanding shares of stock, whether or not entitled to vote in the election of directors.

On 10 June 2013, Jose M. Roy III filed before the Court a Petition for Certiorari against the Philippine SEC, Philippine SEC Chairman and PLDT, or the Petition, claiming: (1) that MC No. 8 violates the decision of the Court in the Gamboa Case, which according to the Petitioner required that (a) the 60-40 ownership requirement be imposed on "each class of shares" and (b) Filipinos must have full beneficial ownership of 60% of the outstanding capital stock of those corporations subject to that 60-40 Filipino-foreign ownership requirement; and (2) that the PLDT Beneficial Trust Fund is not a Filipino- owned entity and consequently, the corporations owned by PLDT Beneficial Trust Fund, including BTF Holdings, Inc., which owns 150 million voting preferred shares in PLDT, cannot be considered a Filipino-owned corporation. PLDT and Philippine SEC sought the dismissal of the Petition.

On 16 July 2013, Wilson C. Gamboa, Jr. et. al. filed a Motion for Leave to file a Petition-in-Intervention dated 16 July 2013, which the Court granted on 6 August 2013. The Petition-in-Intervention raised identical arguments and issues as those in the Petition.

The Court, in its 22 November 2016 decision, dismissed the Petition and Petition-in-Intervention and upheld the validity of MC No. 8. In the course of discussing the Petition, the Court expressly rejected petitioners' argument that the 60% Filipino ownership requirement for public utilities must be applied to each class of shares. According to the Court, the position is "simply beyond the literal text and contemplation of Section 11, Article XII of the 1987 Constitution" and that the petitioners' suggestion would "effectively and unwarrantedly amend or change" the Court's ruling in the Gamboa Case. In categorically rejecting the petitioners' claim, the Court declared and stressed that its Gamboa Case ruling "did NOT make any definitive ruling that the 60% Filipino ownership requirement was intended to apply to each class of shares." On the contrary, according to the Court, "nowhere in the discussion of the term 'capital' in Section 11, Article XII of the 1987 Constitution in the Gamboa Decision did the Court mention the 60% Filipino equity requirement to be applied to each class of shares."

In respect of ensuring Filipino ownership and control of public utilities, the Court noted that this is already achieved by the requirements under MC No. 8. According to the Court, "since Filipinos own at least 60% of the outstanding shares of stock entitled to vote directors, which is what the Constitution precisely requires, then the Filipino stockholders control the corporation – i.e., they dictate corporate actions and decisions…"

The Court further noted that the application of the Filipino ownership requirement as proposed by petitioners "fails to understand and appreciate the nature and features of stocks and financial instruments" and would "greatly erode" a corporation's "access to capital – which a stock corporation may need for expansion, debt relief/repayment, working capital requirement and other corporate pursuits". The Court reaffirmed that "stock corporations are allowed to create shares of different classes with varying features" and that this "is a flexibility that is granted, among others, for the corporation to attract and generate capital (funds) from both local and foreign capital markets" and that "this access to capital – which a stock corporation may need for expansion, debt relief/repayment, working capital requirement and other corporate pursuits – will be greatly eroded with further unwarranted limitations that are not articulated in the Constitution". The Court added that "the intricacies and delicate balance between debt instruments (liabilities) and equity (capital) that stock corporations need to calibrate to fund their business requirements and achieve their financial targets are better left to the judgment of their boards and officers, whose bounden duty is to steer their companies to financial stability and profitability and who are ultimately answerable to their shareholders".

The Court went on to say that "a too restrictive definition of 'capital', one that was never contemplated in the Gamboa Decision, will surely have a dampening effect on the business milieu by eroding the flexibility inherent in the issuance of preferred shares with varying terms and conditions. Consequently, the rights and prerogatives of the owners of the corporation will be unwarrantedly stymied". Accordingly, the Court said that the petitioners' "restrictive interpretation of the term 'capital' would have a tremendous adverse impact on the country as a whole – and to all Filipinos".

Petitioner Jose M. Roy III filed a Motion for Reconsideration of the Court Decision dated 22 November 2016. On 18 April 2017, the Court denied with finality Petitioner's Motion for Reconsideration. On 5 August 2017, PLDT received a copy of the Entry of Judgment.

12. Employee information

For the year ended 31 December	2019 US$m	2018 US$m	2019 HK$m*	2018 HK$m*
Employees' remuneration (including Directors' remuneration)	**874.6**	816.4	**6,821.9**	6,367.9

Number of employees	2019	2018
At 31 December	**101,836**	110,394
Average for the year	**111,448**	107,289

13. Events after the reporting period

(a) On 11 February 2020, PT Indofood CBP Sukses Makmur Tbk ("ICBP") announced that it is exploring and assessing the offer to acquire the entire issued share capital of Pinehill Company Limited ("Pinehill"), which is primarily engaged in the manufacturing of instant noodles in Saudi Arabia, Nigeria, Ghana, Turkey, Egypt, Kenya, Morocco and Serbia using the "Indomie" trademark under a licensing agreement with Indofood. Currently, ICBP is conducting due diligence on Pinehill before deciding whether to proceed with the transaction or not. If the potential acquisition of Pinehill by ICBP is to proceed, it will be a notifiable transaction as well as a connected transaction under Chapter 14 and Chapter 14A, respectively, of the Listing Rules.

(b) On 26 February 2020, MPIC's Board approved the implementation of share buyback program for a period of three months until 26 May 2020, with an amount up to Pesos 5.0 billion (US$98.1 million or HK$765.2 million). The purpose for the share buyback program is to enhance and improve MPIC's shareholder value and to manifest confidence in MPIC's value and prospects through the repurchase of its common shares. Up to 23 March 2020, MPIC acquired a total of 213.5 million shares from the open market at a total consideration of Pesos 0.7 billion (US$13.7 million or HK$106.9 million) and held under treasury shares. As a result, First Pacific's effective interest in MPIC increased to 42.2% from 41.9%.

(c) Since the outbreak of the Novel Coronavirus ("Covid-19") disease in January 2020, certain confirmed cases have been reported in those countries where the Group has operations. The epidemic will impact the overall economy as well as business operations of certain industries such as toll road, light rail and power. Therefore, the Group's operations and revenue will be affected to a certain extent depending on the duration of the outbreak and effects of the prevention and control measures implemented by various government. The Group will keep continuous attention on the situation of the Covid-19, assess and react actively to its impacts on the financial position and operating results of the Group. Up to the date of this announcement, the assessment is still in progress.

14. Approval of the consolidated financial statements

The audited consolidated financial statements of the Company were approved and authorized for issue by the Board of Directors on 24 March 2020.

* *The Company maintains its accounts and reports to its shareholders in United States dollars. The figures shown in Hong Kong dollars are for illustration only and are based on a fixed exchange rate of 7.8 Hong Kong dollars to one United States dollar.*

REVIEW OF OPERATIONS

First Pacific

Below is an analysis of results by individual company.

Contribution and profit summary

For the year ended 31 December US$ millions	Turnover **2019**	 2018	Contribution to Group profit[i] **2019**	 2018
Indofood	**5,414.4**	5,136.1	**163.4**	134.7
PLDT[ii]	**-**	-	**119.3**	120.7
MPIC	**1,709.5**	1,575.8	**126.8**	120.9
Philex[ii]	**-**	-	**1.0**	2.9
FPM Power	**713.4**	728.6	**(10.5)**	(6.2)
FP Natural Resources	**217.4**	301.9	**(7.2)**	(0.3)
FPW[iii]	**-**	-	**2.8**	21.2
Contribution from operations[iv]	**8,054.7**	7,742.4	**395.6**	393.9
Head Office items:				
- Corporate overhead			**(20.8)**	(23.7)
- Net interest expense			**(76.5)**	(76.4)
- Other expenses			**(8.3)**	(4.3)
Recurring profit[v]			**290.0**	289.5
Foreign exchange and derivative gains, net[vi]			**6.8**	0.4
Gain/(loss) on changes in fair value of biological assets			**3.0**	(0.3)
Non-recurring items[vii]			**(553.7)**	(157.8)
(Loss)/profit attributable to owners of the parent			**(253.9)**	131.8

(i) After taxation and non-controlling interests, where appropriate.
(ii) Associated companies.
(iii) Joint venture and was sold on 16 December 2019.
(iv) Contribution from operations represents the recurring profit contributed to the Group by its operating companies.
(v) Recurring profit represents the profit attributable to owners of the parent excluding the effects of foreign exchange and derivative gains, gain/(loss) on changes in fair value of biological assets and non-recurring items.
(vi) Foreign exchange and derivative gains, net represent the net gains on foreign exchange translation differences on the Group's unhedged foreign currency denominated net assets/liabilities and the changes in the fair values of derivatives.
(vii) Non-recurring items represent certain items, through occurrence or size, which are not considered as usual operating items. 2019's non-recurring losses of US$553.7 million mainly represent (a) the Group's loss on disposal of Goodman Fielder (US$308.3 million), (b) impairment provisions for the Group's investments in PLP (US$249.5 million) and Philex's mining assets (US$37.5 million), and MPIC's investments in Maynilad, MMI and other water investments (US$124.2 million), (c) PLDT's manpower reduction costs (US$11.5 million), PLP's provision for onerous contracts (US$6.9 million) and RHI's write-off of deferred tax assets (US$6.7 million), partly offset by MPIC's gain on deconsolidation of MPHHI (US$210.6 million). 2018's non-recurring losses of US$157.8 million mainly represent the Group's impairment provisions for assets, including the Group's investment in Philex (US$82.1 million), PLDT's wireless network assets, including accelerated depreciation (US$25.0 million), and Philex's mining assets (US$10.3 million), PLP's provision for onerous contracts (US$11.0 million), Head Office's bond tender and debt refinancing costs (US$10.7 million) and Goodman Fielder's network transformation costs (US$9.3 million).

Turnover up 4% to US$8.1 billion from US$7.7 billion

- reflecting higher revenues at Indofood and MPIC, driven by continued strong growth at most of their businesses
- partly offset by lower revenues at FPM Power and FP Natural Resources

Recurring profit to US$290.0 million from US$289.5 million

- reflecting higher profit contributions from Indofood and MPIC, and lower Head Office corporate overhead
- offset by lower profit contributions from FPW Singapore Holdings Pte. Ltd. ("FPW"), Philex and PLDT, higher losses at FP Natural Resources and FPM Power and higher Head Office other expenses

Non-recurring losses to US$553.7 million from US$157.8 million

- largely reflecting First Pacific's loss on disposal of its 50% interest in Goodman Fielder
- the Group's impairment provision for investment in PLP
- MPIC's impairment provisions for its investments in Maynilad, MMI and other water investments
- the Group's impairment provisions for Philex's mining assets
- PLDT's manpower reduction costs
- PLP's provision for onerous contracts
- RHI's write-off of deferred tax assets
- partly offset by MPIC's gain on deconsolidation of MPHHI

Reported loss of US$253.9 million versus reported profit of US$131.8 million

- reflecting higher non-recurring losses

The Group's operating results are denominated in local currencies, principally the rupiah, the peso, the Singapore dollar (S$) and the Australian dollar (A$), which are translated and consolidated to provide the Group's results in U.S. dollar. The changes of these currencies against the U.S. dollar are summarized below.

Closing exchange rates against the U.S. dollar			
At 31 December	**2019**	2018	One year change
Rupiah	**13,901**	14,481	+4.2%
Peso	**50.64**	52.58	+3.8%
S$	**1.346**	1.363	+1.3%
A$	**1.425**	1.419	-0.4%

Average exchange rates against the U.S. dollar			
For the year ended 31 December	**2019**	2018	One year change
Rupiah	**14,146**	14,290	+1.0%
Peso	**51.57**	52.69	+2.2%
S$	**1.363**	1.350	-1.0%
A$	**1.438**	1.346	-6.4%

During 2019, the Group recorded net foreign exchange and derivative gains of US$6.8 million (2018: US$0.4 million), which can be further analyzed as follows:

US$ millions	**2019**	2018
Head Office	**3.2**	(5.7)
Indofood	**0.8**	1.1
PLDT	**1.1**	0.5
MPIC	**(1.4)**	3.8
Philex	**0.5**	(0.7)
FPM Power	**1.0**	(1.4)
FPW	**1.6**	2.8
Total	**6.8**	0.4

Asset Disposal

On 16 December 2019, First Pacific completed the sale by Oceanica Developments Limited, an indirect wholly owned subsidiary of First Pacific, of its 50% interest in FPW to Wilmar International Limited. First Pacific no longer holds any investment in FPW or in Goodman Fielder.

First Pacific will use the sale proceeds of US$275.0 million principally for debt reduction, beginning with a US$251.8 million 6.375% bond maturing in September 2020.

Distributions

First Pacific's Board of Directors, taking into consideration cash flow trends and following consistent prudent risk management practices, declared a final distribution of HK7.0 cents (U.S. 0.90 cent) per share which brings the total distribution for 2019 to HK13.5 cents (U.S. 1.73 cents), unchanged from a year earlier. The total distribution represents a payout ratio of approximately 26% (2018: 26%) of recurring profit, marking the 10th consecutive year that First Pacific has distributed at least 25% of recurring profit to its shareholders.

Debt Profile

On 28 June 2019, First Pacific redeemed US$214.9 million principal amount of bonds on maturity.

At 31 December 2019, Head Office gross debt stood at approximately US$1.66 billion with an average maturity of approximately 3.2 years. Net debt declined to approximately US$1.33 billion mainly reflecting the proceeds from the sale of Goodman Fielder. Approximately 53% of the Head Office borrowings were at fixed rates while floating rate bank loans comprised the remainder, and the blended interest rate was approximately 4.2% per annum. Unsecured debts accounted for approximately 85% of Head Office borrowings.

In January 2020, First Pacific bought back and canceled approximately US$0.1 million principal amount of bond due in 2020.

As at 23 March 2020, the principal amounts of the following bonds remain outstanding:

- US$251.8 million 10-year at 6.375% coupon with maturity on 28 September 2020
- US$358.8 million 10-year at 4.5% coupon with maturity on 16 April 2023
- US$175.0 million 7-year at 5.75% coupon with maturity on 30 May 2025

There is no Head Office recourse for subsidiaries or affiliate companies' borrowings.

Interest Cover

For 2019, Head Office recurring operating cash inflow before interest expense and tax was US$147.3 million. Net cash interest expense rose 2% to US$72.5 million, reflecting a higher average debt balance arising from debt refinancing. For the year ended 31 December 2019, the cash interest cover was approximately 2 times.

Foreign Currency Hedging

The Company actively reviews the potential benefits of hedging based on forecast dividend income and enters into hedging arrangements for managing its foreign currency exposures in respect of dividend income and payments in foreign currencies on a transactional basis.

Outlook

The global Covid-19 pandemic is beginning to cut into and shift demand for the goods and services provided by First Pacific Group companies. Its impact on contribution will be negative but uncertain in extent. Ahead of the pandemic, the Company was expecting continued strong demand for the products and services offered by its three core holdings, Indofood, MPIC and PLDT and as markets recover from the impact of Covid-19 this demand is expected to return. Notwithstanding the current uncertainty owing to the economic and social impact of the pandemic, First Pacific remains committed to a capital allocation policy of prioritizing debt reduction and share repurchases going forward as contribution from operations permits.

INDOFOOD

Indofood's contribution to the Group increased 21% to US$163.4 million (2018: US$134.7 million) principally reflecting higher core profit.

Core profit up 23% to 4.9 trillion rupiah (US$346.3 million) from 4.0 trillion rupiah (US$279.5 million)	▪ reflecting strong performance of the Consumer Branded Products ("CBP") and Bogasari groups ▪ higher margins of the CBP, Bogasari and Distribution groups ▪ partly offset by weaker performance of the Agribusiness and higher finance costs
Net income up 18% to 4.9 trillion rupiah (US$347.0 million) from 4.2 trillion rupiah (US$291.5 million)	▪ reflecting higher core profit ▪ including a foreign exchange gain resulting from a 4% appreciation of the closing rupiah exchange rate against the U.S. dollar versus a foreign exchange loss in 2018
Consolidated net sales up 4% to 76.6 trillion rupiah (US$5.4 billion) from 73.4 trillion rupiah (US$5.1 billion)	▪ driven by higher sales of the CBP and Bogasari groups ▪ partly offset by lower sales of the Distribution and Agribusiness groups
Gross profit margin to 29.7% from 27.5%	▪ reflecting higher average selling prices at the CBP and Bogasari groups ▪ partly offset by lower average selling prices of palm products at the Agribusiness group
Consolidated operating expenses up 16% to 12.9 trillion rupiah (US$910.9 million) from 11.1 trillion rupiah (US$774.6 million)	▪ reflecting higher selling and general and administration expenses ▪ partly offset by lower net other operating income in relation to the absence of gain arising from investment revaluation in 2019 and an operating foreign exchange losses versus a gain in 2018
EBIT margin to 12.8% from 12.5%	

Debt Profile

As at 31 December 2019, Indofood recorded gross debt of 23.0 trillion rupiah (US$1.7 billion), down 23% from 29.7 trillion rupiah (US$2.1 billion) as at 31 December 2018. Of this total, 61% matures within one year and the remainder matures between 2021 and August 2028, while 91% was denominated in rupiah and the remaining 9% was denominated in foreign currencies.

Additional Investments

In January 2019, PT Salim Ivomas Pratama Tbk ("SIMP") made a capital contribution of 29.3 billion rupiah (US$2.1 million) to PT Indoagri Daitocacao ("Indoagri Daitocacao"). SIMP's shareholding in Indoagri Daitocacao remained at 51% following the contribution.

On 26 March 2019, ICBP acquired an additional 35% interest in PT Indofood Comsa Sukses Makmur ("ICSM") for a total consideration of 8.6 billion rupiah (US$0.6 million). As a result, ICBP's interest in ICSM was increased to 86%.

In 2019, ICBP made capital contributions of 30 billion rupiah (US$2.1 million) and 144.5 billion rupiah (US$10.2 million) to PT Indo Oji Sukses Pratama ("IOSP") and PT Oji Indo Makmur Perkasa ("OIMP"), respectively. ICBP's shareholdings in IOSP and OIMP remained at 50% following the contributions.

In July 2019, ICBP made a capital contribution of 24.0 billion rupiah (US$1.7 million) to PT Arla Indofood Makmur Dairy Import ("Arla Indofood"). ICBP's shareholding in Arla Indofood remained at 49.9% following the contribution.

In July 2019, IndoAgri made a capital contribution of 74.6 billion rupiah (US$5.3 million) to Canápolis Holding S.A. ("Canápolis"). IndoAgri's shareholding in Canápolis remained at 50% following the contribution.

From 1 July 2019 to 31 December 2019, Indofood acquired a total of 100.1 million shares of IndoAgri from the open market for a total consideration of S$32.5 million (US$23.8 million), which increased Indofood's effective interest in IndoAgri to 70.0% from 62.8%.

Consumer Branded Products

The CBP group produces and markets a wide range of consumer branded products, offering everyday solutions to consumers of all ages across different market segments. This business group comprises the Noodles, Dairy, Snack Foods, Food Seasonings, Nutrition & Special Foods, and Beverages divisions. With over 50 plants located in key markets across Indonesia, CBP's products are available across the country and are exported to more than 60 markets around the world.

Indofood's Noodles division is one of the world's largest producers of instant noodles and is the market leader in Indonesia. Its annual production capacity is around 19 billion packs, across a broad range of instant noodle varieties.

The Dairy division has an annual production capacity of more than 700,000 tonnes and is one of the largest dairy manufacturers in Indonesia. It produces and markets UHT milk, sterilized bottled milk, sweetened condensed creamer, pasteurized liquid milk, multicereal milk, milk flavored drinks, powdered milk, ice cream and butter.

The Snack Foods division comes under a joint venture company with Fritolay Netherlands Holding B.V. which manages the majority of snack foods operations. The division has an annual production capacity of around 60,000 tonnes, producing western and traditional snacks, and extruded snacks.

The Food Seasonings division has an annual production capacity of around 150,000 tonnes, manufacturing and marketing a wide range of culinary products, including soy sauces, chili sauces, tomato sauces, recipe mixes, and cooking aids products as well as cordial syrups.

Indofood's Nutrition & Special Foods division is one of the market leaders in Indonesia's baby food industry. This division has an annual production capacity of around 25,000 tonnes, producing baby cereals, baby snacks such as rice puffs, crunchies, biscuits and puddings, and noodle soup for infants and toddlers, cereal snacks for children, and cereal powdered drinks for the whole family, as well as milk products for expectant and lactating mothers.

The Beverages division produces a wide range of ready-to-drink teas, packaged water and fruit-flavored drinks with a combined annual production capacity of around 3 billion liters.

In 2019, sales by the CBP group rose 10% to 42.8 trillion rupiah (US$3.0 billion), with sales growing across all business divisions. The EBIT margin improved to 16.8% from 14.9% primarily due to improved gross profit margin.

On 11 February 2020, ICBP announced it is exploring and assessing the offer to acquire the entire issued share capital of Pinehill. Pinehill owns four subsidiary companies and is primarily engaged in the manufacturing of instant noodles in Saudi Arabia, Nigeria, Ghana, Turkey, Egypt, Kenya, Morocco and Serbia using the "Indomie" trademark under a licensing agreement with Indofood. ICBP will conduct due diligence on the Pinehill group before deciding whether to proceed with a transaction.

Indofood believes that Indonesia's promising macroeconomic outlook and favorable demographics will continue to provide future growth opportunities. However, this is likely to attract increased competition. To stay competitive, its strategy will be to maintain the trust and loyalty of its consumers by strengthening our brand equity. Indofood will also continue with product innovation, product availability improvement, export sales and food service expansion as well as raw material sourcing diversification and cost saving initiatives. At the same time, it will closely monitor how the global economy develops, especially in light of the recent Covid-19 outbreak as it has the potential to impact Indonesia's growth trajectory and destabilize the rupiah.

Bogasari

Bogasari is the largest integrated flour miller in Indonesia. It operates four flour mills in the country with total combined annual production capacity of approximately 4.1 million tonnes. Bogasari produces a wide range of wheat flour products and pasta for domestic and international markets.

Its sales rose 8% to 22.8 trillion rupiah (US$1.6 billion), reflecting higher average selling prices. As a result, the EBIT margin improved to 7.1% from 6.0%.

Continued growth is projected for Indonesia's flour industry, as improved macroeconomic conditions and higher affluence amongst the country's expanding middle class drive increasing demand for flour-based foods, despite signs of softer growth this year.

Agribusiness

The diversified and vertically integrated Agribusiness group is one of Indonesia's largest producers of palm oil with a leading market share in branded edible oils and fats. It consists of two divisions: Plantations and Edible Oils & Fats ("EOF"), which operate through IndoAgri and its main operating subsidiaries, SIMP and PT Perusahaan Perkebunan London Sumatra Indonesia Tbk ("Lonsum") in Indonesia. In Brazil, IndoAgri has equity investments in sugar and ethanol operations in Companhia Mineira de Açúcar e Álcool Participações ("CMAA") and Canápolis. It has also invested in RHI in the Philippines.

Sales declined 3% to 13.6 trillion rupiah (US$961.4 million), mainly reflecting the negative impacts from lower prices of crude palm oil ("CPO") and edible oils and fats products despite higher sales volume of palm kernel ("PK"), sugar and EOF products.

Sales volume of CPO were flat at 882,000 tonnes, whilst PK sales volume increased 14% to 220,000 tonnes, sugar sales volume increased 16% to 67,000 tonnes, rubber sales volume decreased by 11% to 8,700 tonnes and oil palm seeds volume decreased 52% to 5.5 million seeds.

Plantations

In Indonesia, the newly built chocolate factory commenced operation in May 2019. The expansion of milling facilities in Kalimantan with a 45 tonnes per hour of fresh fruit bunches ("FFB") new mill was completed in September 2019. Approximately 4,000 hectares of older palms in North Sumatra and Riau were replanted with higher yielding seed varieties during the year.

The total planted area increased slightly to 302,372 hectares from end-2018, of which oil palm accounted for 83% while rubber, sugar cane, timber, cocoa and tea accounted for the remaining 17%. IndoAgri's oil palms have an average age of approximately 16 years, while around 17% of its oil palms are younger than seven years. This division has a total annual processing capacity of 7.0 million tonnes of FFB.

FFB nucleus production declined 2% to 3.3 million tonnes with yields at 15.7 tonnes per hectare, reflecting mainly replanting in Riau and North Sumatra, and newly matures estates in Sumatra and Kalimantan. CPO production decreased 9% to 840,000 tonnes on lower purchases from external parties with CPO yields declining slightly to 3.4 tonnes per hectare.

In Indonesia, the total planted area of rubber rose slightly to 16,796 hectares from end-2018, while sugar cane was flat at 13,543 hectares from end-2018. Sugar production rose 21% to 67,000 tonnes contributed by higher harvested area and a recovery in cane yield.

In Brazil, CMAA's sugar cane planted area increased to 85,968 hectares, and the sugar cane harvest rose 8% to 6.1 million tonnes from 2018. The combined annual cane crushing capacity of CMAA and Canápolis increased from 8.3 million tonnes to 8.8 million tonnes. IndoAgri's share of CMAA and Canápolis' profit declined 42% to 16.6 billion rupiah (US$1.2 million) due to foreign exchange losses arising from weakness in the Brazilian real and higher expenses relating to the expansion of the sugar operation in Brazil.

In 2019, the Plantation division recorded a 4% decline in sales to 8.3 trillion rupiah (US$588.2 million) due to lower prices for CPO and PK products.

Edible Oils & Fats

This division manufactures cooking oils, margarines and shortenings. It has an annual CPO refinery capacity of 1.7 million tonnes of CPO. Approximately 75% of this division's CPO requirements are sourced from the Plantations division, compared to 77% in 2018.

In 2019, the EOF division recorded a 2% decline in sales to 10.2 trillion rupiah (US$722.3 million) due to lower average selling prices arising from lower CPO prices despite higher sales volumes.

Economic uncertainties arising from the ongoing US-China trade tensions and the current Covid-19 outbreak are bringing additional volatility to agricultural commodity prices. Both diversified and vertically integrated, the agribusiness group will prioritise its capital expenditure investments in growth areas, including replanting of old palms in Riau and North Sumatra with higher yielding seed varieties and expanding the miling facilities in East Kalimantan. The EOF division will continue to strengthen its leading market position in edible oils and fats products and increasing market penetration by competitive marketing and pricing strategies. It will also focus on cost control measures and other innovations to increase productivity.

Distribution

The Distribution group is a strategic component of Indofood's Total Food Solutions chain of vertically integrated operations as it has one of the most extensive nationwide distribution networks in Indonesia, covering all densely populated areas. It is well connected to both traditional and modern grocery outlets to ensure the ready availability of Indofood products to consumers across the country.

The Distribution group's sales declined 25% to 4.1 trillion rupiah (US$292.7 million) mainly due to the impact of PT Nugraha Indah Citarasa Indonesia being consolidated into ICBP. The EBIT margin rose to 5.1% from 3.4%.

The Distribution group continues to strengthen its network, leveraging on over 700,000 registered retail outlets across Indonesia to further increase Indofood's product penetration and high product availability in retail outlets, especially in rural and newly developed areas.

Outlook

Owing to a growing domestic economy, demand for fast moving consumer goods is expected to increase. However, the business landscape will remain competitive and there is also potential downside risk from consequences of the Covid-19 outbreak. Indofood is focusing on its strategy of strengthening its market position in most product categories, building up brands that are relevant to consumers, and increasing its competitiveness.

PLDT

PLDT's contribution to the Group declined 1% to US$119.3 million (2018: US$120.7 million) reflecting lower consolidated core net income.

Telco core net income up 13% to 27.1 billion pesos (US$525.1 million) from 24.0 billion pesos (US$456.4 million)	▪ reflecting higher EBITDA ▪ excluding the impact of 1.8 billion pesos (US$34.9 million) equity losses from Voyager Innovations Holdings Pte. Ltd. ("Voyager"), 0.4 billion pesos (US$7.8 million) of accelerated depreciation and a gain of 0.2 billion pesos (US$3.9 million) from the sale of 690,000 Rocket Internet SE ("Rocket Internet") shares
Consolidated core net income down 3% to 25.1 billion pesos (US$486.9 million) from 25.9 billion pesos (US$490.7 million)	▪ reflecting higher telco core income ▪ lower other income primarily in relation to a gain on deconsolidation of Voyager in 2018 ▪ higher financing costs ▪ lower realized gain from sale of shares in Rocket Internet ▪ higher provision for income tax
Reported net income up 20% to 22.5 billion pesos (US$436.7 million) from 18.9 billion pesos (US$359.0 million)	▪ reflecting higher telco core net income ▪ partly offset by higher manpower rightsizing program expenses
Consolidated service revenues (net of interconnection costs) up 8% to 157.7 billion pesos (US$3.1 billion) from 145.8 billion pesos (US$2.8 billion)	▪ reflecting growth in the Individual, Enterprise and Home business segments, partly offset by lower revenues from the International and Carrier businesses ▪ Individual, Enterprise and Home service revenues, with each growing 20%, 5% and 3%, and accounting for 46%, 25% and 23% of consolidated service revenues, respectively ▪ record high full-year service revenues ▪ data and broadband remain growth drivers, with combined revenues up 20% and representing 67% (2018: 60%) of consolidated service revenues
EBITDA up 25% to 79.8 billion pesos (US$1.5 billion) from 64.0 billion pesos (US$1.2 billion)	▪ reflecting higher service revenues ▪ lower cash operating expenses associated with the impact of International Financial Reporting Standard 16 of 5.3 billion pesos (US$102.8 million) ▪ partly offset by higher subsidies and provisions, cost of services and manpower rightsizing program expenses of 3.3 billion pesos (US$64.0 million)
EBITDA margin to 49% from 42%	▪ mainly due to higher EBITDA ▪ wireless and fixed line EBITDA margin to 58% and 38% from 41% and 38%, respectively

Capital Expenditures

From 2011 to 2019, PLDT invested 388.2 billion pesos (US$7.7 billion) in capital expenditures for the PLDT group networks. These extensive network investments have enabled PLDT to regain network leadership in the Philippines, enhanced PLDT group's operational efficiencies, and allowed PLDT to provide improved data customer experience across all of its business segments.

PLDT's continuous network improvements were recognized by several international independent analytics firms in 2019. Ookla named PLDT and Smart Communications, Inc. ("Smart") as the Philippines' fastest fixed and wireless internet services providers, while the global internet benchmarking company umlaut (formerly P3) named Smart as the "Best in Test Award for 2019" and confirmed its 4G/LTE coverage was the best and widest with the fastest upload and download speeds, while Open Signal cited Smart offering the Philippines best mobile video and fastest data experience, as well as overtaking its competitor in 4G availability in both urban and rural areas.

In 2019, capital expenditures amounted to 72.9 billion pesos (US$1.4 billion) of which 84% was used on network and technology-related expansion and transformation programs, and the remaining 16% was employed for the installation of broadband connections. At the end of 2019, total homes passed by PLDT's fixed-line fiber optic network rose 15% to 7.2 million, port capacity increased 34% to 3.5 million, and the fiber footprint expanded by 32% to 322,400 cable kilometers. On the wireless network, the number of Smart LTE base stations increased 52% to 24,600 while the number of 3G base stations increased 20% to 13,800. PLDT's 4G and 3G network coverage expanded to reach 94% of the Philippines' population.

The capital expenditures guidance for 2020 is 83.0 billion pesos to finance further network capacity to support growing data traffic, to add new home broadband customers and roll out new 5G initiatives.

Debt Profile

As at 31 December 2019, PLDT's consolidated net debt was US$3.3 billion (2018: US$2.4 billion), and the total gross debt stood at US$3.8 billion (2018: US$3.4 billion), of which 9% (2018: 13%) was denominated in U.S. dollars. Only 8% of the total debt was unhedged after taking into account the available U.S. dollar cash on hand and currency hedges allocated for debt. 78% of the total debt is due to mature after 2021. After interest rate swaps, 88% of the total debt is fixed-rate borrowings. The average pre-tax interest cost for the full year of 2019 rose to 4.8% from 4.5%.

As at the end of December 2019, PLDT's credit ratings remained at investment grade at the three leading credit rating agencies, S&P, Moody's and Fitch.

Dividends

PLDT's dividend policy is to pay 60% of its telco core net income as regular dividends. On 5 March 2020, the PLDT Board of Directors declared a final regular cash dividend of 39 pesos (US$0.77) per share payable on 3 April 2020 to shareholders on record as of 19 March 2020. Added to the interim regular dividend of 36 pesos (US$0.70) per share paid on 10 September 2019, total dividends for 2019 amounts to 75 pesos (US$1.47) per share.

Asset divestment

In 2019, PLDT Online Investments Pte. Ltd. ("PLDT Online") sold 0.7 million of its shares in Rocket Internet for a total consideration of 1.0 billion pesos (US$119.8 million) and a total gain of 0.2 billion pesos (US$3.9 million). This reduced PLDT Online's equity interest in Rocket Internet to 1.3% from 1.7%.

Service Revenues by Business Segment

Data and broadband services continued to drive revenue growth in the year. Data and broadband service revenues rose 20% to 105.2 billion pesos (US$2.0 billion), led by a 45% increase in mobile internet revenues and higher revenues from home broadband, corporate data and data center businesses.

Individual service revenues accounted for 46% (2018: 41%) of consolidated service revenues (net of interconnection costs) and rose 20% to 72.1 billion pesos (US$1.4 billion) of which 69% was data and broadband revenues. Mobile data traffic volume rose 2 times to 1,612 Petabytes from 2018, mainly driven by the greater adoption of data by PLDT group's subscribers resulting in growth in video streaming and online gaming following extensive data promotion marketing that aimed to build a data habit among its customers.

The PLDT group's combined wireless subscriber base reached 73.1 million as at the end of December 2019, up 21% from year-end 2018. Over 70% of this segment's subscribers are smartphone owners most of whom are using high-bandwidth LTE phones.

The continuing improvement in subscriber experience and a steady flow of new and innovative data offerings will continue to drive data consumption as the shift to digital accelerates among the customer base.

Enterprise service revenues rose 5% to 39.2 billion pesos (US$760.1 million), representing 25% (2018: 26%) of consolidated service revenues (net of interconnection costs). Data and broadband accounted for 67% of Enterprise service revenues. The increase was fueled by 14% growth in demand for information and communication technology and data center services supported by substantial investments in business solutions and network connectivity.

Demand for data services, including cloud, cyber security, *M2M (m*achine-to-machine), IoT (internet of things), remains the key driver of growth.

Home service revenues rose 3% to 37.2 billion pesos (US$721.3 million), reflecting the positive impact of a combined indoor/outdoor approach for service installations and repairs. This segment's service revenues represent 23% (2018: 24%) of consolidated service revenues (net of interconnection costs). Data and broadband accounted for 77% of Home service revenues. Total broadband subscribers grew 7% from the end of 2018 to 2.2 million.

The upgraded network capacity and capability enabled Home service to increase new connections and bring customer experience to a higher level. Complementing fiber offers with wireless broadband plans are expected to sustain growth in 2020.

Outlook

PLDT is committed to minimizing the effect of the Covid-19 pandemic on its operation and continues providing quality services to its customers. Its network capacity is sufficient to serve increased data and voice demand. It also provides zero-rated access to specific government sites and emergency hotlines, increasing minimum speeds and data allocations to relevant customer categories. PLDT has introduced a Work from Home policy to allow its teams to work from their residences while ensuring business continuity. Service teams are equipped with the required attire and protective gear such as masks, gloves and the like, and they have been instructed on proper health protocols. Beyond pandemic preparations, the continued increase in data/broadband usage by customers and PLDT's ability to consistently provide good customer experience will continue to deliver earnings growth in 2020 in the Individual and Home businesses. The Enterprise business will continue to build on its superior suite of products to maintain its industry-leading market share. Capital expenditure is forecast at 83.0 billion pesos to boost network capacity and last-mile and customer premises equipment for home broadband, which together will help protect and grow market share across all businesses.

MPIC

MPIC's contribution to the Group increased 5% to US$126.8 million (2018: US$120.9 million), reflecting higher contributions from the toll roads and power businesses, partly offset by higher net interest expense at MPIC head office and lower contribution from the water business.

Consolidated core net income up 4% to 15.6 billion pesos (US$302.5 million) from 15.1 billion pesos (US$285.8 million)

- reflecting higher operating income driven by continued traffic growth and higher tariffs at the domestic toll roads business, strong growth at Manila Electric Company ("Meralco") and higher patient numbers at MPHHI
- partly offset by higher net interest expense at MPIC head office due to loan drawdowns for funding various investments
- power, toll roads, water, and hospitals and others accounted for 55%, 25%, 17% and 3%, respectively, of MPIC's consolidated profit contribution from operations
- a 7% increase in contribution from the power business to 11.6 billion pesos (US$224.4 million) largely driven by higher energy sales, lower borrowing costs and higher investment returns at Meralco
- an 18% rise in contribution from the toll roads business to 5.2 billion pesos (US$101.5 million) reflecting strong traffic growth at all toll roads in the Philippines; higher toll rates charged by the North Luzon Expressway ("NLEX"), Subic Clark Tarlac Expressway ("SCTEX") and the Manila-Cavitex Toll Expressway ("CAVITEX") effective from March, June and October 2019, respectively; and the full-year effect of consolidation of PT Nusantara Infrastructure Tbk ("PT Nusantara") since July 2018; partly offset by lower traffic volumes on regional toll roads and higher interest costs in relation to new investments and capital expenditures
- a 6% decline in contribution from the water business to 3.6 billion pesos (US$69.2 million) reflecting higher concession asset amortization expenses and financing costs at MetroPac Water Investments Corporation ("MPW")
- a 12% increase in contribution from the hospitals business to 867 million pesos (US$16.8 million) reflecting higher patient revenues across all hospitals, new services and price increases in some hospitals
- a 19% decline in contribution from the light rail business to 319 million pesos (US$6.2 million) reflecting lower daily ridership due to shortened operating hours and higher repair and maintenance costs

Consolidated reported net income up 69% to 23.9 billion pesos (US$462.6 million) from 14.1 billion pesos (US$268.2 million)

- reflecting non-recurring income in relation to the divestment of MPHHI versus a non-recurring expense in 2018
- partly offset by impairment provisions for certain water investments and restructuring costs for the logistics business

Revenues up 6% to 88.2 billion pesos (US$1.7 billion) from 83.0 billion pesos (US$1.6 billion)

- reflecting higher demand-driven revenue growth at the toll roads, water, hospitals and logistics businesses
- partly offset by lower revenue at the power generation business

Debt Profile

As at 31 December 2019, MPIC's consolidated debt rose 16% to 249.9 pesos billion (US$4.9 billion) from 215.1 billion pesos (US$4.1 billion) as at 31 December 2018 reflecting financing for various investments. Of the total, 92% was denominated in pesos. Fixed-rate borrowings accounted for 93% of the total, the average interest cost was approximately 6.4% while the average debt maturity was 7.6 years.

Capital Management

Dividend

MPIC's Board of Directors declared a final dividend of 0.076 peso (U.S. 0.15 cent) per share payable on 20 March 2020 to shareholders on record as at 12 March 2020. Together with the interim dividend of 0.0345 peso (U.S. 0.07 cent) per share paid on 30 August 2019, total dividends for 2019 amounted to 0.1105 peso (U.S. 0.22 cent) per share, unchanged from the dividends paid in 2018. It represented a dividend payout ratio of 22% of core net income per share.

Share Buyback Program

On 26 February 2020, MPIC's Board approved a share buyback program of up to 5.0 billion pesos (US$98.1 million) for a three-month period ended on 26 May 2020. The repurchase of MPIC's substantially undervalued shares should enhance shareholder value and show conviction in MPIC's prospects.

Additional Investments/Divestment

On 26 February 2019, Metro Pacific Tollways Corporation ("MPTC") acquired a 100% interest in Southbend Express Services Inc. ("SESI") for a consideration of 93 million pesos (US$1.8 million). SESI is engaged in providing manpower services to public and private offices, industrial, commercial and other establishments.

On 3 September 2019, MPIC through its wholly-owned subsidiary MPW signed an 80/20 joint venture agreement with the Dumaguete City Water District ("DCWD") for the rehabilitation, operation, maintenance and expansion of DCWD's existing water distribution system and the development of wastewater facilities. The estimated cost for this 25-year joint venture project is 1.6 billion pesos (US$31.6 million) and MPW has injected 560 million pesos (US$10.9 million) as its portion of the initial equity investment in the project.

On 23 September 2019, MPTC increased its effective interest in PT Margautama Nusantara ("MUN") to 81.9% from 56.9% for a consideration of US$67.0 million. MUN is a private company in Indonesia engaged in the development and operation of toll roads, and currently manages four toll roads in Indonesia.

On 9 December 2019, MPIC completed the divestment of its 40.1% interest in MPHHI to KKR & Co. Inc. ("KKR") for a consideration of 30.1 billion pesos (US$583.6 million) of which MPIC had received 26.1 billion pesos (US$506.5 million), with the balance of 1.6 billion pesos (US$31.1 million) and 2.4 billion pesos (US$46.0 million) payable by KKR within six months and 12 months of closing, respectively. As part of the transaction, KKR also invested 5.2 billion pesos (US$100.8 million) in MPHHI for business expansion. KKR had injected half of the committed amount to MPHHI on 9 December 2019 and the remaining half is payable within three years of closing. This divestment reduced MPIC's effective interest in MPHHI to 20.0% from 60.1%.

On 11 December 2019, MPHHI acquired a 77.1% interest in Santos Clinic Incorporated for a consideration of approximately 373 million pesos (US$7.2 million).

Power

At Meralco, revenues increased 5% to 318.3 billion pesos (US$6.2 billion) reflecting higher energy sales volume due to new network connections and organic growth across all of its customer categories. The number of billed customers rose 4% to 6.9 million. The volume of electricity sold rose 6% to 46,871 gigawatt hours, driven by an increase of 8% in residential power demand, 6% in commercial, and 4% in industrial power demand. Capital expenditure rose 48% to 20.2 billion pesos (US$392.3 million) primarily for securing system reliability and enhancing critical loading capacity to accommodate further demand growth and new customer connections.

At Global Business Power Corporation ("GBPC"), revenues fell 10% to 24.2 billion pesos (US$469.7 million) reflecting the end of various short-term power supply agreements. Capital expenditure rose 38% to 708 million pesos (US$13.7 million) with continuous maintenance and upgrading of power plants.

As at 31 December 2019, GBPC and Meralco PowerGen Corporation had combined power generating capacity of 1,759 megawatts. They are currently developing power projects in the Philippines with total planned capacity of approximately 3,133 megawatts through Atimonan One Energy, Inc. ("A1E"), Redondo Peninsula Energy, Inc., St. Raphael Power Generation Corporation, and Mariveles Power Generation Corporation.

San Buenaventura Power Limited's 455-megawatt (net) supercritical coal-fired power plant, the first such plant in the Philippines, commenced commercial operations on 26 September 2019. Phase 2 of Alsons Thermal Energy Corporation's 105-megawatt expansion project began commercial operations on 10 October 2019. A1E's 1,200-megawatt (net) ultra-supercritical coal-fired power plants will participate in Meralco's Competitive Selection Process once the final terms of reference are finalized.

Energy from Waste

The Quezon City waste-to-energy project has been granted original proponent status and no comparable proposals were submitted during the Swiss Challenge process. The project cost for Phase 1 is approximately 15.3 billion pesos (US$302.1 million). This waste treatment facility is expected to generate approximately 36 megawatts (net) of energy from 3,000 metric tons of waste per day. MetroPac Clean Energy is waiting for the notice of award from the local government.

The construction of the biogas facilities for Dole Philippines, Inc. ("DPI") with project cost of approximately 1.0 billion pesos (US$19.7 million) is expected to be completed in the second half of 2020 and have a capacity of 5.7 megawatts for DPI and reduce carbon dioxide emissions from the site by 100,000 tonnes per year compared with energy sources it will replace.

Toll Roads

MPTC operates NLEX, CAVITEX, SCTEX and the Cavite-Laguna Expressway ("CALAX") in the Philippines, and is a shareholder in PT Nusantara in Indonesia, CII Bridges and Roads Investment Joint Stock Company in Vietnam and Don Muang Tollway Public Company Limited ("DMT") in Thailand.

In 2019, revenues rose 19% to 18.5 billion pesos (US$358.8 million), driven by strong traffic growth on all toll roads in the Philippines and higher toll rates charged for NLEX, SCTEX and CAVITEX effective from March, June and October 2019, respectively.

Average daily vehicle entries on MPTC's Philippine toll roads rose 13% to 535,503 while entries declined 6% to 412,205 on the regional toll roads due to construction work and road integration within concession areas.

Capital expenditure increased 122% to 26.2 billion pesos (US$507.5 million) mainly reflecting construction of new roads and expansion of existing roads. In 2019, NLEX Harbour Link Segment 10, the first section of CAVITEX C5 South Link and CALAX Sub-section 6-8 were opened for commercial operations.

MPTC plans to spend approximately 105.3 billion pesos (US$2.1 billion) on projects for NLEX Citi Link, NLEX-SLEX Connector Road, Cebu Cordova Link Expressway, CALAX, CAVITEX, C5 South Link and NLEX Harbour Link, with expected completion between 2020 and 2024. For the 50.4-kiliometers Cavite-Tagaytay-Batangas Expressway project, MPTC expects the result of a Swiss Challenge by the first half of 2020 and estimates construction cost at 25.0 billion pesos (US$493.7 million).

During the year, the Philippines' Toll Regulatory Board ("TRB") approved toll rate increases for NLEX, SCTEX and CAVITEX in March, June and October, respectively. However, tariff adjustments for NLEX due in 2017 and 2019, for SCTEX due in 2013, 2014, 2016 and 2017, and for CAVITEX due in 2012, 2014, 2015 and 2018 are still pending TRB's approval.

Water

Maynilad is the biggest water utility in the Philippines. It operates a concession that runs until 2037 for water distribution and sewerage services for the West Zone of Metro Manila.

In 2019, Maynilad's average non-revenue water measured at the District Metered Area improved further to 26.4% from 29.8% a year earlier. Revenues rose 9% to24.0 billion pesos (US$465.2 million), reflecting a 2% increase in billed water volumes to 535.3 million cubic meters, as well as an inflationary tariff increase of 5.7% in January 2019 and a 2.7% rebasing adjustment in October 2018.

Maynilad's capital expenditure rose 4% to 12.4 billion pesos (US$240.1 million) in 2019, of which most was used for upgrading and building reservoirs and pumping stations, the laying of primary pipelines and construction of wastewater treatment facilities to improve public health. In 2019, Maynilad expanded its sewerage coverage to reach 21.2% of the current 9.7 million water served population in its concession area. Maynilad is currently building a total of five new sewage treatment facilities in Valenzuela, Cupang, Tunasan, Ayala Southvale and Las Pinas to serve approximately 1.3 million customers and upgrading one sewage treatment plant for approximately another 1.2 million customers.

Despite Maynilad's excellent record of service delivery, the matter of Maynilad's two related arbitration awards in its favor, has been set aside as the Philippine Government conducts a review of the concession agreement.

On 11 December 2019, Maynilad received a letter from the Metropolitan Waterworks and Sewerage System ("MWSS") informing it of the revocation of the extension of Maynilad's concession period to 2037 from its original expiry in 2022. The MWSS Regulatory Office subsequently confirmed that the 25-year Concession Agreement that covers the years 1997 to 2022 and the Memorandum of Agreement that provides for the 15-year extension of the concession period from year 2022 to 2037 have not yet been cancelled. Nonetheless, the Philippine government ordered a review and amendment of Maynilad's Concession Agreement. Maynilad decided not to implement the rate adjustment of Pesos 1.95/cubic meter originally effective on 1 January 2020. Maynilad also executed the Release From and Waiver of Claim on Arbitral Award ("Waiver") in favor of the Philippine government. In this Waiver, Maynilad waived its claim against the Philippine government for its accumulated revenues losses for the period from 11 March 2015 to 31 December 2017.

MPW is MPIC's investment vehicle for expanding water investments outside the Maynilad concession area. MPW has investments in Metro Pacific Iloilo Water Inc. ("MPIWI") and Metro Pacific Dumaguete Water Services Inc. ("MPDWSI") in the Philippines, and in BOO Phu Ninh Water Treatment Plant Joint Stock Company ("PNW") in Vietnam. Its combined installed capacity reached 647 million liter per day ("MLD") while billed volume is 325 MLD. MPIWI and PNW commenced commercial operations in July 2019, while MPDWSI is expected to offer services within 2020. MPW is expected to begin delivering meaningful profit contribution to MPIC with the completion of the new water projects.

Hospitals

MPIC has the largest network of private hospitals in the Philippines with 3,235 beds as at 31 December 2019. The Hospitals business of MPHHI comprises 15 full-service hospitals across the Philippines, five primary care clinics, and three cancer centers, as well as indirect ownership of two healthcare colleges.

Aggregate revenues rose 12% to 28.8 billion pesos (US$558.5 million) in 2019, reflecting higher patient revenues across all hospitals, new services and price increases in some hospitals. The number of out-patients rose 11% to 3.7 million and in-patients rose 4% to 201,131.

MPHHI continues programs to enhance and expand healthcare services across all hospitals in its network while improving patient access to quality medical care by establishing new service centers.

Rail

Light Rail Manila Corporation's ("LRMC") revenues declined 1% to 3.3 billion pesos (US$63.7 million) reflecting slightly lower average daily ridership of 446,943 caused by shortened operating hours. The total number of available light rail vehicles increased to 116 from 112 a year earlier.

The majority of LRMC's capital expenditure of 8.4 billion pesos (US$163.5 million) was used for the rehabilitation of the train system, structural repairments and improvements, and the construction of the Light Rail Transit 1's ("LRT1") Cavite Extension. Most of its Station Improvement Project for 20 stations has been completed ahead of the mid-2020 schedule. The expansion work on the LRT1 Cavite Extension covering five stations is ongoing. However, long-overdue tariff increases remain a financial obstacle to development of the LRT1 Cavite Extension.

Logistics

MMI contributed a loss of 670 million pesos (US$13.0 million) due to lower utilization of trucks and higher depreciation and financing charges.

Following the extensive restructuring in 2019, MMI is evaluating the location for its distribution centers and enhancing its service platform and overall quality in order to catch the growth in the e-commerce industry in the Philippines.

Outlook

The Covid-19 outbreak has begun to adversely impact toll road and rail traffic, while a rise in residential electricity demand remains insufficient to outweigh the reduction in electricity demand from commercial and industrial sectors due to less business activity. When economic growth resumes, demand at all businesses is expected to increase. The uncertainty over contracted tariff increases in various businesses also makes the outlook difficult to quantify.

PHILEX

Philex's contribution to the Group declined 64% to US$1.0 million (2018: US$2.9 million), reflecting lower volumes of metal sold resulting from lower production caused by lower tonnage and ore grades, and lower average realized copper prices, partly offset by higher average realized gold prices.

In 2019, the average realized price of gold rose 7% to US$1,388 per ounce while the price of copper declined 7% to US$2.72 per pound.

Total ore milled fell 5% to 8.1 million tonnes. The average gold grade decreased 11% to 0.264 grams per tonne (2018: 0.298 grams per tonne) and the average copper grade decreased 2% to 0.177% (2018: 0.181%). As a result, gold production fell 14% to 53,064 ounces and copper production declined 3% to 25.7 million pounds, resulting in lower volumes of metal sold.

Core net income down 74% to 156 million pesos (US$3.0 million) from 600 million pesos (US$11.4 million)	▪ reflecting lower revenue due to lower production output, ore grades and average realized copper prices ▪ partly offset by higher average realized gold prices
Net loss of 648 million pesos (US$12.6 million) versus net income of 608 million pesos (US$11.5 million)	▪ reflecting a significant decline in core net income ▪ non-cash impairment provisions for Padcal mine and mining assets ▪ partly offset by a foreign exchange gain versus a loss a year earlier and a gain on reversal of receivables previously written off
Revenue down 11% to 6.8 billion pesos (US$131.7 million) from 7.6 billion pesos (US$145.0 million)	▪ reflecting lower metal output due to reduction in tonnage caused by unscheduled maintenance of aging mine equipment and inconsistent availability of equipment, and forest fire incidents in the first quarter, uncontrollable power outages and lower ore grades ▪ lower realized copper prices ▪ partly offset by higher realized gold prices ▪ revenues from gold, copper and silver contributed 51%, 48% and 1% of the total, respectively
EBITDA down 33% to 1.7 billion pesos (US$32.3 million) from 2.5 billion pesos (US$47.3 million)	▪ reflecting lower revenue due to lower production output, ore grades and average realized copper prices
Operating cost per tonne of ore milled up 1% to 852 pesos (US$16.5) from 844 pesos (US$16.0)	▪ due to lower tonnage ▪ partly offset by lower costs for power and labor due to implementation of manpower rationalization program
Capital expenditure (including exploration costs) down 33% to 1.7 billion pesos (US$33.0 million) from 2.5 billion pesos (US$47.5 million)	▪ reflecting lower costs of mine development and raising of the tailings storage facility ▪ partly offset by higher capital expenditures for the Silangan Project, mainly for the definitive feasibility study for phase 1 of the Silangan Project, completed in July 2019, and its predevelopment costs

The mine life of Philex's major operating mining asset, Padcal mine, is projected to end in 2022. Philex is, however, continuously exploring opportunities to sustain and maximize the potential of Padcal mine operations, and relentlessly pursuing the search for additional mine assets that can be developed within or in the vicinity of the Padcal mine area.

Debt Profile

As at 31 December 2019, Philex had 10.3 billion pesos (US$202.9 million) of borrowings, comprising bonds and short-term bank loans. Short-term bank debt rose 17% to 2.5 billion pesos (US$50.0 million) from year-end 2018.

Dividend

Philex's Board of Directors declared a final dividend of 0.01 peso (U.S. 0.02 cent) per share payable on 27 March 2020 to shareholders on record as at 13 March 2020.

Additional Investment/dilution

In 2018, Philex entered into a subscription agreement with upstream oil and gas affiliate PXP Energy Corporation ("PXP"), involving the subscription of 260 million new shares of PXP at 11.85 pesos (US$0.22) per share, for a total consideration of 3.1 billion pesos (US$58.5 million). The transaction raised Philex's interest in PXP to 30.4% from 19.8%. As at 23 March 2020, Philex has settled 94% of its subscribed portion equivalent to 2.9 billion pesos (US$56.2 million).

In 2018, PXP entered an agreement with Dennison Holdings Corporation ("Dennison") under which PXP would issue 340 million new PXP shares at 11.85 pesos (US$0.22) per share to Dennison. Dennison was unable to settle the subscription amount by 31 March 2019 and the subscription agreement was canceled by mutual agreement. As a result, the down payment made in January 2019 of 40.3 million pesos (US$0.8 million), or 1% of Dennison's subscription amount, was forfeited in favor of PXP.

Silangan Project
The Silangan Project is a large-scale gold and copper mining project located in Surigao del Norte, at the north-eastern tip of Mindanao in the Philippines.

The project contains a total of 571 million tonnes of mineral resources comprising the Boyongan, Bayugo-Silangan and Bayugo-Kalayaan ore deposits. The definitive feasibility study for Boyongan, the first phase of the Silangan Project, was completed in July 2019. This phase anticipates mineable reserves of 81 million tonnes with expected high ore grades of 0.63% copper and 1.20 grams of gold per tonne from mineral resources of 279 million tonnes.

Commercial operations from underground sub-level cave mining at Boyongan is expected to begin after two and a half years of development, with an estimated mine life of 22 years at an annual average production of 4 million tonnes of ore. The estimated capital expenditure of approximately US$750 million for the development of Boyongan is expected to be funded by project finance and the entry of a strategic partner.

The preliminary feasibility study for the Bayugo-Silangan and Bayugo-Kalayaan deposits, the phase two of the Silangan Project, is being completed by Ausenco from Australia, the lead technical consultant.

The project is fully compliant with all existing regulations and is in the process of completing all requisite permitting documentation. Philex is working closely with regulators for the amendment of existing approved operating permits to cover underground sub-level cave mining for the first phase of the Silangan Project, and remains confident of securing all these necessary permits within the course of this year.

PXP
In 2019, petroleum revenue declined 33% to 72 million pesos (US$1.4 million) as a result of the slowdown in production of SC 14C-1 Galoc. Costs and expenses fell 14% to 191 million pesos (US$3.7 million), reflecting the reduction in production costs following the plug and abandonment of SC 14 Nido and Matinloc production wells.

PXP's reported net loss rose more than double to 297 million pesos (US$5.8 million) reflecting a provision for impairment of Galoc oil field, and lower petroleum revenues, partly offset by the forfeited down payment from Dennison.

On 18 December 2019, PXP 54.99%-owned Canadian subsidiary FEC Resources Inc. ("FEC Resources") announced it would raise up to approximately US$1,841,147 through an offering to its existing shareholders (the "Rights Offering") at a subscription price of US$0.002255 per common share. FEC Resources is expected to use the proceeds for general working capital purposes and for funding investment opportunities including participation in any fund raising of its investee company Forum Energy Limited ("Forum").

SC 72
SC 72 is located in the Recto Bank which lies within the Philippines' Exclusive Economic Zone. Its second Sub-Phase of exploration activities is currently suspended due to a Force Majeure imposed from 15 December 2014.

Upon the lifting of the moratorium by the Philippine government, Forum will have 20 months to drill two wells as part of its work commitment under SC 72.

On 20 November 2018, the Philippines and China signed a Memorandum of Understanding on Oil and Gas Development for the two governments to create an Intergovernmental Steering Committee. The Committee will endeavour to agree on a program of cooperation that could lead to joint exploration projects in the West Philippine Sea, as well as the creation of one or more Inter-Entrepreneurial Working Groups.

In October 2019, the Steering Committee on Joint Exploration was created, which will be co-chaired by Philippine Foreign Affairs Undersecretary for Policy and Chinese Vice Foreign Minister. However, the Steering Committee has yet to create the Working Groups. In case of the SC 72 area, the block's operator, Forum (GSEC 101) Limited will be the main representative to the SC 72 Working Group.

Forum had completed the broadband Pre-Stack Depth Migration ("PSDM") reprocessing of 565 square kilometres of Sampaguita 3D seismic data. The Sampaguita Field re-evaluation using the newly reprocessed PSDM data is ongoing.

SC 75
The area covered by SC 75 is located in Northwest Palawan. It has been under Force Majeure since 27 December 2015. Upon the lifting of the Force Majeure, PXP will have 18 months to obtain 1,000 square kilometres of 3D seismic data for Sub-Phase 2 of its service contract.

PXP will continue to coordinate with the Philippine Department of Energy on the lifting of the moratorium for both SC 72 and SC 75.

SC 74
At SC 74 Linapacan Block, the gravity modelling and seismic interpretation of 2D data were completed in the second quarter of 2019.

All biostratigraphic and geochemical tests of the 12 samples collected during the Calamian Islands 2018 fieldwork were completed. Additional samples will be sent to Core Laboratories in early 2020 for further analysis.

A joint Well Feasibility and Rock Physics project with the SC 14C2 consortium over the Linapacan and West Linapacan areas was completed in October 2019. In early 2020, PXP proceeded with a Quantitative Interpretation study over a 400 square kilometres 3D area that includes a number of old wells.

Peru Block Z-38

Peru Block Z-38 is a joint venture project between Pitkin Petroleum Limited ("Pitkin"), Karoon Gas Australia Ltd. ("Karoon") and Tullow Oil Plc. (UK) ("Tullow"). The economic interests of Pitkin, Tullow, and Karoon in Peru Block Z-38 are 25%, 35% and 40%, respectively. Pitkin is not required to share the costs of two wells under a farm-in agreement signed with Karoon in 2009. The block is under the Third Exploration Period ("EP"), which will expire on 30 June 2020. The remaining work obligation under the Third EP is the drilling of an exploratory well, Marina-1X.

Karoon and Stena Drilling Ltd., owner of the drillship Stena Forth, entered an agreement for the preparation of drilling Marina-1X in the first quarter of 2020. The agreement provides the Z-38 Consortium with a single well slot from the existing rig contract between Tullow and Stena. The drillship arrived in Marina well location in Peru on 23 January 2020.

The Marina-1X well reached a total depth of 3,021 meters on 15 February 2020. Mudlogging and logging while drilling results from the primary targets in the Tumbes Formation indicated that the well encountered thin water-bearing sands with no oil and only minor gas shows.

Marina-1X provided valuable data on the geological setting for this region of the Tumbes Basin. However, the initial data indicated that there is no perspectivity at this location, thereby no further drilling is planned in Block Z-38 in 2020. The available data are being thoroughly analysed and the results is expected by the end of May 2020.

Others

In April 2018, SC 40 North Cebu completed a detailed land gravity survey in the towns of Medellin and Daanbantayan in northern Cebu with a total of 94 stations acquired. A follow up survey will be carried out in the first quarter of 2020 focusing on the Maya and Dalingding prospect areas.

SC 14C1 Galoc oil field produced a total of 993,761 barrels of oil through three liftings in 2019 and plans to have two liftings in 2020 with up to 300,000 barrels per cargo.

Outlook

Philex is expected to continue benefiting from higher gold prices as the Padcal mine enters its last three years of operation. In the meantime exploration continues in the environs of Padcal for further mineable reserves. The preparation work continues for the introduction of an equity investor in the Silangan Project in Mindanao, while pursuing upside opportunities. However, the Covid-19 pandemic may have unexpected impacts on the operation of the Padcal mine, including shipment of copper concentrates and supplies of materials and spare parts for production equipment.

FPM POWER/PLP

First Pacific's share of PLP's loss widened to US$10.5 million (2018: US$6.2 million) in 2019, reflecting a higher core loss at PLP.

In 2019, the plant's system availability remained high at 97.8% and the heat rate was broadly the same as the target level, continuing to demonstrate that PLP is one of the most efficient power plants in Singapore. The plant remains highly reliable: Unit 10 has operated without a single incident of forced outage since May 2016, and Unit 20 since March 2017.

In 2019, the volume of electricity sold rose 2% to 5,102 gigawatt hours, of which 92% was for contracted sales and vesting contract, and the remaining 8% was for pool market sales. PLP's generation market share for the year was approximately 9%.

Core net loss up 38% to S$60.5 million (US$44.4 million) from S$43.7 million (US$32.4 million)	▪ reflecting lower non-fuel margins for vesting, retail and pool market sales ▪ higher marketing and interest expenses ▪ partly offset by a higher reversal of provision for onerous contracts and lower maintenance expenses
Net loss up 2% to S$81.6 million (US$59.9 million) from S$83.5 million (US$61.9 million)	▪ reflecting higher core net loss ▪ largely offset by a foreign exchange gain on US dollar-denominated shareholders' loans versus a foreign exchange loss in 2018, and lower provision for onerous contracts
Revenues down 1% to S$972.4 million (US$713.4 million) from S$983.5 million (US$728.6 million)	▪ reflecting lower average selling price per unit of electricity, despite higher sales volume
Operating expenses up 5% to S$24.4 million (US$17.9 million) from S$23.3 million (US$17.3 million)	▪ reflecting higher marketing expenses
EBITDA down 17% to S$7.9 million (US$5.8 million) from S$9.5 million (US$7.0 million)	▪ reflecting lower non-fuel margins

Debt Profile

As at 31 December 2019, FPM Power's net debt stood at US$448.5 million while gross debt stood at US$501.2 million. All of the borrowings were floating-rate bank loans.

Outlook

Electricity demand increased by 2.5% in 2019, however, the Covid-19 pandemic may add uncertainties to the trend. Competition will remain strong due to oversupply of electricity. PLP will continue to rely on its efficiency advantage and marketing to customers to defend market share and earnings.

FP NATURAL RESOURCES/RHI

In 2019, FP Natural Resources recorded a loss of US$7.2 million (2018: US$0.3 million), reflecting a higher core loss at RHI.

RHI is one of the largest integrated sugar producers in the Philippines, accounting for 12% of the country's domestic sugar production. Its two sugar mills in Batangas and Negros Occidental have combined milling capacity of 28,000 tonnes of sugar cane per day, and the refinery facility in Batangas has capacity of 18,000 LKg per day (one LKg is equal to one 50-kilogram bag of sugar). RHI also has two ethanol plants in Negros Occidental with daily production capacity of approximately 250,000 liters in total.

In 2019, RHI's sugar business milled 2.3 million tonnes of cane, down 23% from a year earlier due to lower cane supply caused by stiff competition for cane and lower farm productivity. It sold 1.4 million LKg (2018: 2.9 million LKg) of refined sugar; 1.5 million LKg (2018: 1.9 million LKg) of raw sugar and 213,000 LKg (2018: 80,000 LKg) of premium raw sugar. Ethanol sales volume declined 8% to 65.0 million liters (2018: 70.9 million liters).

Core net loss of 814 million pesos (US$15.8 million) from 47 million pesos (US$0.9 million)	▪ reflecting lower margins due to higher sugar manufacturing costs owing to lower sugar cane supply and higher incentives to planters due to intense competition for cane ▪ lower milling volume of sugar cane due to lower farm productivity ▪ lower refined sugar production ▪ higher alcohol manufacturing costs from higher cost of molasses ▪ higher finance cost
Reported net loss of 1.7 billion pesos (US$32.7 million) from 47 million pesos (US$0.9 million)	▪ reflecting core net loss ▪ write-off of deferred tax assets
Revenues down 30% to 11.2 billion pesos (US$217.4 million) from 15.9 billion pesos (US$301.9 million)	▪ reflecting lower sales volumes of alcohol, refined and raw sugar ▪ lower average selling prices of refined and premium raw sugar ▪ partly offset by higher sales volume of premium raw sugar and higher average selling prices of molasses, alcohol and raw sugar
Operating expenses down 5% to 994 million pesos (US$19.3 million) from 1,045 million pesos (US$19.8 million)	▪ reflecting lower staff costs
EBITDA down 98% to 26 million pesos (US$0.5 million) from 1.0 billion pesos (US$19.6 million)	▪ reflecting higher production cost, lower milling volume of sugar cane and refined sugar production
EBITDA margin to 0.2% from 6%	▪ reflecting decline in EBITDA

Asset Disposal

On 5 November 2019, RHI sold its entire interest of 45.1% in its associated company Hawaiian-Philippine Company, Inc. ("HPC") for a consideration of 1.0 billion pesos (US$19.4 million).

Debt Profile

As at 31 December 2019, long-term debt of RHI stood at 2.5 billion pesos (US$49.2 million) with maturities up until August 2024 at an annual interest rate of approximately 6.5%. Short-term debt stood at 6.9 billion pesos (US$136.8 million) with an average interest rate of approximately 6.9%.

Outlook

Continuing strong competition regionally will press down on the supply of sugar cane even as prices remain low. RHI will endeavor to control costs to maintain profitability. As part of its debt management plant, RHI will continue to look for opportunities to reduce its debt levels. Because the Covid-19 pandemic may disrupt normal business operations, RHI is conducting a thorough risk assessment to ascertain possible impacts to its overall business.

FINANCIAL REVIEW

NET DEBT AND GEARING

(A) Head Office net debt

The decrease in net debt mainly reflects the proceeds from disposal of Goodman Fielder. The Head Office's borrowings at 31 December 2019 comprise bonds of US$783.0 million (with an aggregated face value of US$785.7 million) which are due for redemption between September 2020 and May 2025, and bank loans of US$872.6 million (with a principal amount of US$880.0 million) which are due for repayment between March 2021 and June 2029.

Changes in Head Office net debt

US$ millions	Borrowings	Cash and cash equivalents(i)	Net debt
At 1 January 2019	1,639.8	(89.6)	1,550.2
Movement	15.8	(235.4)	(219.6)
At 31 December 2019	**1,655.6**	**(325.0)**	**1,330.6**

(i) Includes restricted cash as at 31 December 2019 of US$0.04 million and 1 January 2019 of US$0.1 million

Head Office free cash flow(ii)

For the year ended 31 December US$ millions	**2019**	2018
Dividend and fee income	**165.1**	202.9
Head Office overhead expense	**(17.8)**	(26.2)
Net cash interest expense	**(72.5)**	(71.2)
Tax paid	**(0.4)**	(3.6)
Net cash inflow from operating activities	**74.4**	101.9
Net proceeds on sale of investment/(net investments)(iii)	**218.8**	(32.9)
Financing activities		
- Distributions paid	**(66.6)**	(74.6)
- Net borrowings	**13.5**	7.5
- Others(iv)	**(4.6)**	(3.0)
Net increase/(decrease) in cash and cash equivalents	**235.5**	(1.1)
Cash and cash equivalents at 1 January	**89.5**	90.6
Cash and cash equivalents at 31 December	**325.0**	89.5

(ii) Excludes restricted cash as at 31 December 2019 of US$0.04 million and 1 January 2019, 31 December 2018 and 1 January 2018 of US$0.1 million

(iii) Principally represent net proceeds from disposal of Goodman Fielder less investments in PLP

(iv) Mainly payments for lease liabilities and the trustee for share purchase scheme

(B) Group net debt and gearing

An analysis of net debt and gearing for principal consolidated and associated companies follows.

Consolidated

US$ millions	**Net debt(i) 2019**	**Total equity 2019**	**Gearing(ii) (times) 2019**	Net debt(i) 2018	Total equity 2018	Gearing(ii) (times) 2018
Head Office	**1,330.6**	**1,740.0**	**0.76x**	1,550.2	2,039.7	0.76x
Indofood	**664.2**	**3,886.0**	**0.17x**	1,444.7	3,456.1	0.42x
MPIC	**3,361.0**	**4,842.5**	**0.69x**	3,083.9	4,529.9	0.68x
FPM Power	**448.5**	**-**	**-**	498.7	321.6	1.55x
FP Natural Resources	**174.1**	**167.0**	**1.04x**	206.4	188.1	1.10x
Group adjustments(iii)	**-**	**(1,877.5)**	**-**	-	(1,825.0)	-
Total	**5,978.4**	**8,758.0**	**0.68x**	6,783.9	8,710.4	0.78x
Associated companies						
PLDT	**3,321.2**	**2,296.6**	**1.45x**	2,370.1	2,218.8	1.07x
Philex	**187.2**	**453.6**	**0.41x**	163.9	450.7	0.36x

(i) Includes short-term deposits and restricted cash

(ii) Calculated as net debt divided by total equity

(iii) Group adjustments mainly represents elimination of goodwill arising from acquisitions prior to 1 January 2001 against the Group's retained earnings and other standard consolidation adjustments to present the Group as a single economic entity.

Head Office's gearing was in line with 2018 because of a decrease in its net debt mainly due to the proceeds from disposal of Goodman Fielder, coupled with a decrease in its equity reflecting loss on disposal of Goodman Fielder.

Indofood's gearing decreased because of a decrease in its net debt as a result of its operating cash inflow and proceeds from disposal of financial assets at fair value through other comprehensive income, partly offset by its payments for capital expenditure and an appreciation of the rupiah against U.S. dollar during the year, coupled with an increase in its equity reflecting its profit recorded and an appreciation of the rupiah against U.S. dollar during the year.

MPIC's gearing increased because of an increase in its net debt as a result of its payments for capital expenditure by Maynilad and MPTC, instalment payments for its acquisition of 50% interest in Beacon Electric Asset Holdings, Inc. from PLDT Communications and Energy Ventures, Inc. and an appreciation of the peso against U.S. dollar during the year, despite its operating cash inflow and instalment consideration received from the divestment of a 40.1% interest in MPHHI, partly offset by an increase in its equity as a result of its profit recorded and an appreciation of the peso against U.S. dollar during the year.

FPM Power's net debt decreased as a result of capital contributions from shareholders. The decrease in its equity to zero mainly reflecting the impairment provisions for investment in PLP and PLP's loss recorded during the year.

FP Natural Resources' gearing decreased because of a decrease in its net debt as a result of RHI's operating cash inflow and proceeds from the disposal of HPC, despite an appreciation of the peso against U.S. dollar during the year, partly offset by a decrease in its equity reflecting RHI's loss recorded, despite an appreciation of the peso against U.S. dollar during the year.

The Group's gearing decreased to 0.68 times because of the proceeds from the disposal of Goodman Fielder and MPIC's divestment of a 40.1% interest in MPHHI, coupled with an increase in the Group's equity reflecting the appreciation of the rupiah and the peso against U.S. dollar and the Group's profit recorded during the year.

PLDT's gearing increased because of an increase in its net debt mainly reflecting its payments for capital expenditure. Philex's gearing increased mainly because of a higher net debt reflecting its payments for capital expenditure, partly offset by its operating cash inflow.

MATURITY PROFILE
The maturity profile of debt of consolidated and associated companies follows.

Consolidated

	Carrying amounts		Nominal values	
US$ millions	**2019**	2018	**2019**	2018
Within one year	**2,262.8**	2,281.1	**2,268.2**	2,279.2
One to two years	**710.0**	641.0	**713.3**	638.4
Two to five years	**2,597.6**	2,694.5	**2,617.3**	2,696.6
Over five years	**3,360.4**	2,901.3	**3,369.2**	2,913.3
Total	**8,930.8**	8,517.9	**8,968.0**	8,527.5

The change in the Group's debt maturity profile from 31 December 2018 to 31 December 2019 mainly reflects (a) a shift in long-term borrowings among the different maturity periods for Head Office, Indofood and MPIC, (b) the reclassification of long-term borrowings of AIF Toll Road Holdings (Thailand) Limited ("AIF"), MPIC's subsidiary company, and PLP of US$17.8 million and US$387.9 million, respectively to current liabilities due to the breach of debt covenants, (c) the reclassification of RHI's borrowings of US$63.8 million from current liabilities back to long-term borrowings after obtaining waivers from banks in relation to its breach of debt covenants, (d) Indofood's and Head Office's redemption of bonds and (e) the Group's net new borrowings. AIF obtained a waiver subsequently in January 2020 and PLP obtained a standstill agreement with the lenders before 31 December 2019 to suspend the debt covenant testing and principal repayment in December 2019, which only valid until 31 March 2020. RHI received waivers from the approved banks in December 2018 and subsequently in January 2019.

Associated companies

	PLDT				Philex			
	Carrying amounts		Nominal values		Carrying amounts		Nominal values	
US$ millions	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018
Within one year	**389.5**	388.8	**391.7**	390.9	**50.0**	41.0	**50.0**	41.0
One to two years	**444.9**	378.7	**446.4**	380.4	**-**	-	**-**	-
Two to five years	**1,103.2**	1,212.2	**1,106.8**	1,215.0	**152.9**	139.5	**165.0**	154.2
Over five years	**1,864.8**	1,372.8	**1,867.2**	1,374.2	**-**	-	**-**	-
Total	**3,802.4**	3,352.5	**3,812.1**	3,360.5	**202.9**	180.5	**215.0**	195.2

The change in PLDT's debt maturity profile from 31 December 2018 to 31 December 2019 mainly reflects new borrowings arranged to finance capital expenditure and/or refinance its loan obligations which were utilized for service improvements and expansion programs, and loan repayments. The increase in Philex's debt mainly reflects new borrowings to finance capital expenditure.

CHARGES ON GROUP ASSETS
At 31 December 2019, certain bank and other borrowings were secured by the Group's property, plant and equipment, accounts receivable, cash and cash equivalents and inventories amounting to a net book value of US$2,040.5 million (2018: US$2,081.3 million) and the interests of the Group's 12% (2018: 12%) in PLDT, 56% (2018: 56%) in GBPC, nil (2018: 5%) in Meralco, 55% (2018: 55%) in LRMC, 100% (2018: 100%) in AIF, 29.5% (2018: 29.5%) in DMT, 35% (2018: 35%) in PT Jakarta Lingkar Baratsatu, 70% (2018: 70%) in PLP and nil (2018: 45.1%) in HPC.

FINANCIAL RISK MANAGEMENT

FOREIGN CURRENCY RISK

(A) Company risk

As the Head Office debts are currently denominated in U.S. dollars, foreign currency risk relates mainly to the receipt of cash dividends and to the translation of non-U.S. dollar denominated investments in subsidiary and associated companies.

The Company actively reviews the potential benefits of hedging based on forecast dividend flows and enters into hedging arrangements (including the use of forward exchange contracts) for managing its foreign currency exposure in respect of dividend income and payments in foreign currency on a transactional basis. However, the Company does not actively seek to hedge risks arising on the translation of foreign currency denominated investments due to (i) the non-cash nature of such exposure until the values of the investments are realized and (ii) the high costs associated with such hedging. Accordingly, the Company is exposed to the impact of foreign currency fluctuations on the translated U.S. dollar value of its foreign currency denominated investments.

With the exception of the Head Office, the principal components of the Group's NAV mainly relate to investments denominated in the rupiah and the peso. Accordingly, any change in these currencies, against their respective 31 December 2019 exchange rates, would have an effect on the Group's NAV in U.S. dollar terms.

The following table illustrates the estimated effect on the Group's adjusted NAV for a one per cent change of the rupiah and peso exchange rates against the U.S. dollar.

Company	Basis	Effect on adjusted NAV[(i)] US$ millions	Effect on adjusted NAV per share HK cents
Indofood	(i)	25.1	4.50
PLDT	(i)	10.8	1.93
MPIC	(i)	9.1	1.63
Philex	(i)	1.3	0.23
PXP	(i)	0.9	0.17
FP Natural Resources	(ii)	0.3	0.05
Head Office - Other assets	(iii)	1.0	0.18
Total		**48.5**	**8.69**

(i) Based on quoted share prices at 31 December 2019 applied to the Group's economic interests
(ii) Based on quoted share price of RHI at 31 December 2019 applied to the Group's effective economic interest
(iii) Represents the carrying amount of SMECI's convertible notes ("SMECI's notes")

(B) Group risk

The results of the Group's operating entities are denominated in local currencies, principally the rupiah, the peso and S$, which are translated and consolidated to give the Group's results in U.S. dollars.

NET DEBT BY CURRENCY

It is often necessary for operating entities to borrow in U.S. dollars, which results in the risk of a translation impact on local currency results. A summary of consolidated and associated companies' net debt by currency follows.

Consolidated

US$ millions	US$	Rupiah	Peso	S$	Others	Total
Total borrowings	1,921.0	1,602.3	4,716.4	527.1	164.0	**8,930.8**
Cash and cash equivalents[(i)]	(800.4)	(548.3)	(1,531.1)	(57.2)	(15.4)	**(2,952.4)**
Net debt	1,120.6	1,054.0	3,185.3	469.9	148.6	**5,978.4**
Representing:						
Head Office	1,342.1	-	(9.6)	-	(1.9)	**1,330.6**
Indofood	(367.8)	1,000.8	-	14.8	16.4	**664.2**
MPIC	153.8	53.2	3,019.9	-	134.1	**3,361.0**
FPM Power	(6.6)	-	-	455.1	-	**448.5**
FP Natural Resources	(0.9)	-	175.0	-	-	**174.1**
Net debt	1,120.6	1,054.0	3,185.3	469.9	148.6	**5,978.4**

Associated companies

US$ millions	US$	Peso	Others	Total
Net debt				
PLDT	224.4	3,103.8	(7.0)	**3,321.2**
Philex	37.9	149.3	-	**187.2**

(i) Includes short-term deposits and restricted cash

As a result of unhedged U.S. dollar net debt, the Group's results are sensitive to fluctuations in U.S. dollar exchange rates. The following table illustrates the estimated effect on the Group's reported profitability for a one per cent change in the principal operating currencies of subsidiary and associated companies. This does not reflect the indirect effect of fluctuating exchange rates on revenues and input costs at the operating company level.

US$ millions	Total US$ exposure	Hedged amount	Unhedged amount	Profit effect of 1% change in currency	**Group net profit effect**
Head Office[(i)]	1,342.1	-	1,342.1	-	-
Indofood	(367.8)	-	(367.8)	(3.7)	**(1.4)**
MPIC	153.8	-	153.8	1.5	**0.5**
FPM Power	(6.6)	-	(6.6)	(0.1)	**(0.0)**
FP Natural Resources	(0.9)	-	(0.9)	(0.0)	**(0.0)**
PLDT	224.4	(35.6)	188.8	1.9	**0.3**
Philex	37.9	-	37.9	0.4	**0.1**
Total	**1,382.9**	**(35.6)**	**1,347.3**	**(0.0)**	**(0.5)**

(i) As the Group reports its results in U.S. dollars, unhedged U.S. dollar net debt at Head Office does not give rise to any significant exchange exposure.

EQUITY MARKET RISK

As the majority of the Company's investments are listed, the Company is exposed to fluctuations in the equity market values of such investments. In addition, the value of the Company's investments may be impacted by sentiment towards specific countries, especially under the continuing impact of the Covid-19 pandemic on financial markets.

INTEREST RATE RISK

The Company and its operating entities are exposed to changes in interest rates to the extent that they impact the cost of variable interest rate borrowings. An analysis of this for consolidated and associated companies follows.

Consolidated

US$ millions	Fixed interest rate borrowings[(i)]	Variable interest rate borrowings[(i)]	Cash and cash equivalents[(ii)]	**Net debt**
Head Office	881.9	773.7	(325.0)	**1,330.6**
Indofood	143.5	1,509.5	(988.8)	**664.2**
MPIC	4,566.0	369.0	(1,574.0)	**3,361.0**
FPM Power	-	501.2	(52.7)	**448.5**
FP Natural Resources	174.2	11.8	(11.9)	**174.1**
Total	5,765.6	3,165.2	(2,952.4)	**5,978.4**
Associated companies				
PLDT	3,344.7	457.7	(481.2)	**3,321.2**
Philex	152.9	50.0	(15.7)	**187.2**

(i) Reflects certain interest rate swap agreements which effectively changed variable interest rate borrowings to fixed interest rate borrowings at PLDT
(ii) Includes short-term deposits and restricted cash

The following table illustrates the estimated effect on the Group's reported profitability for a one per cent change in average annual interest rates in respect of the variable interest rate borrowings.

US$ millions	Total variable interest rate borrowings	Profit effect of 1% change in interest rates	**Group net profit effect**
Head Office	773.7	7.7	**7.7**
Indofood	1,509.5	15.1	**5.7**
MPIC	369.0	3.7	**1.1**
FPM Power	501.2	5.0	**1.7**
FP Natural Resources	11.8	0.1	**0.0**
PLDT	457.7	4.6	**0.8**
Philex	50.0	0.5	**0.2**
Total	**3,672.9**	**36.7**	**17.2**

ADJUSTED NAV PER SHARE

There follows a calculation of the Group's underlying worth.

At 31 December US$ millions	Basis	**2019**	2018
Indofood	(i)	**2,506.2**	2,261.7
PLDT	(i)	**1,077.8**	1,182.0
MPIC	(i)	**908.7**	1,166.9
Philex	(i)	**127.5**	134.1
PXP	(i)	**94.8**	160.6
FP Natural Resources	(ii)	**25.5**	36.5
FPM Power	(iii)	**-**	230.0
FPW	(iv)	**-**	325.0
Head Office - Other assets	(v)	**99.5**	95.9
- Net debt		**(1,330.6)**	(1,550.2)
Total Valuation		**3,509.4**	4,042.5
Number of Ordinary Shares in Issue (millions)		**4,344.9**	4,342.0
Value per share - U.S. dollars		**0.81**	0.93
- HK dollars		**6.30**	7.26
Company's closing share price (HK$)		**2.65**	3.02
Share price discount to HK$ value per share (%)		**57.9**	58.4

(i) Based on quoted share prices applied to the Group's economic interests
(ii) Based on quoted share prices of RHI applied to the Group's effective economic interest
(iii) Represents carrying amounts
(iv) Based on the US$275 million consideration received on 16 December 2019 (2018: US$325 million including US$25 million contingent instalment payment and another US$25 million earn-out payment as per the Share Purchase Agreement dated 11 March 2019)
(v) Represents the carrying amount of SMECI's notes

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year ended 31 December 2019, the Company has not repurchased any of its ordinary shares (2018: Nil) on The Stock Exchange of Hong Kong Limited (SEHK).

On 28 June 2019, being the maturity date of the US$400 million 6.0% guaranteed bonds issued by FPC Finance Limited and guaranteed by the Company (Bonds), the issuer redeemed the outstanding US$214.9 million in aggregate principal amount of the Bonds, which Bonds were subsequently cancelled and delisted from the Singapore Exchange Securities Trading Limited.

During the year ended 31 December 2019, the independent trustee managing the Company's share award scheme subscribed 2,944,076 shares (2018: Nil) issued by the Company at an aggregate consideration of approximately US$1.1 million (2018: Nil) at the cost of the Company; and purchased 5,418,000 shares (2018: 6,062,000 shares) at an aggregate consideration of approximately US$2.0 million (2018: US$3.0 million) at the cost of the Company.

Except as disclosed above, neither the Company, nor any of its subsidiary companies, has made any purchase, sale or redemption of any of the Company's listed securities during the year.

CORPORATE GOVERNANCE

Corporate Governance Practices

First Pacific is committed to building and maintaining high standards of corporate governance. The Company's Corporate Governance Committee, comprising of all Independent Non-executive Directors (INEDs), was delegated with the responsibility for supervision of the Company's corporate governance functions.

On 21 June 2019, the Company announced changes to the composition of its two Board committees. Ms. Madeleine Lee Suh Shin, an INED, was appointed as a member of the Corporate Governance Committee replacing Mr. Christopher H. Young, an Executive Director and Chief Financial Officer of the Company. Mr. Anthoni Salim, the Company's Non-executive Chairman, was appointed as a member of the Remuneration Committee replacing Mr. Manuel V. Pangilinan, Managing Director and Chief Executive Officer of the Company. In addition, the Company formed a new Finance Committee comprising of all INEDs and Mr. Pangilinan, principally to review the implementation of the Company's investment strategies and investment performance as well as capital allocation. The Company also formed an Ad Hoc Selection Committee (AHSC) comprising of all INEDs and Mr. Salim, principally to identify candidates for the appointment as additional INEDs of the Company, through a formal process to be conducted in conjunction with an international talent search firm. The AHSC has identified Mr. Blair Chilton Pickerell as a suitable candidate to serve as an INED and upon approval by the Nomination Committee and the Board on 24 March 2020, Mr. Blair Chilton Pickerell will be appointed as a new INED of the Company with effect from 25 March 2020.

On 1 July 2019, Ambassador Albert F. del Rosario resigned as a Non-executive Director (NED) of the Company due to poor health as he approached the age of 80 years and other constraints, such as his increased involvement in a number of personal advocacies which made it difficult for him to continue to serve as a Director of the Company. The Nomination Committee has identified Mr. Axton Salim as a suitable candidate to serve as a NED and upon approval by the Board on 24 March 2020, Mr. Axton Salim will be appointed as a new NED of the Company with effect from 25 March 2020.

The Corporate Governance Committee carried out a review of the Company's corporate governance practices in respect of the year ended 31 December 2019 to ensure its compliance with the Listing Rule requirements. This Committee is also tasked with the responsibility to oversee the process of Environmental, Social and Governance (ESG) reporting, in compliance with the Listing Rule requirements. As recommended by Corporate Governance Committee, the Board approved the Company's 2018 ESG report for publication on the websites of the SEHK and the Company on 12 July 2019.

The Company has adopted its own Corporate Governance Code (the First Pacific Code), which incorporates the principles and requirements set out in the Corporate Governance Code contained in Appendix 14 of the Main Board Listing Rules (the CG Code). The First Pacific Code has been updated and approved on 26 March 2019 following relevant amendments to the Listing Rules to strengthen the transparency and accountability of the Board and the respective Board committees to ensure that the Company is in line with international and local corporate governance best practices.

Throughout the current financial year, First Pacific has applied the principles and complied with most of the Code Provisions and, where appropriate, adopted the Recommended Best Practices contained in the CG Code with the following exceptions:–

Code Provision B.1.5: Issuers should disclose details of any remuneration payable to members of senior management by band in their annual reports. Recommended Best Practice B.1.8: Issuers should disclose details of any remuneration payable to members of senior management, on an individual and named basis, in their annual reports.

The Company does not disclose details of any remuneration payable to members of senior management, either by band or on an individual and named basis as a large number of the senior executives employed by the Group are employed in jurisdictions that do not require disclosure of such information. It will create inequality across the Group if only the remuneration of the senior executives at the head office is disclosed.

Recommended Best Practices C.1.6 and C.1.7: An issuer should announce and publish quarterly financial results within 45 days after the end of the relevant quarter.

The Company does not issue quarterly financial results as most of our major operating units based in the Philippines, Indonesia and Singapore already issue quarterly reports. As such, we believe that the relevant information is already available in the public domain.

Code Provision C.2.5: The Issuer should have an internal audit function. Issuers without an internal audit function should review the need for one on an annual basis and should disclose the reasons for the absence of such a function in the Corporate Governance Report.

As an investment holding and management company, the Company does not have an internal audit department. However, the Group has multiple listed companies in Philippines, Indonesia and Singapore, each of which has its own internal audit and/or risk management functions to monitor the internal control system for operational, financial and compliance and risk management functions. Accordingly, the Company can rely on group resources to carry out internal audit/risk management functions for members of the Group. Taking this into account, the Company does not consider it necessary to have a separate internal audit function. The Company will review the need for such function on an annual basis.

Compliance of the Model Code for Securities Transactions by Directors of Listed Issuers
The Company has adopted its own Model Code for Securities Transactions by Directors (the Model Code) on terms no less exacting than the required standards of the Model Code for Securities Transactions by Directors of Listed Issuers, as set out in Appendix 10 of the Listing Rules. All Directors have confirmed, following specific enquiries by the Company, that they have complied with the required standards set out in the Model Code for the year ended 31 December 2019.

Continuing Connected Transactions
During the year, the INEDs agreed with the Directors in relation to the following continuing connected transactions (CCTs) and approved the disclosure of those transactions in the form of published announcements and circular:

- 27 August 2019 announcement: following the Company's previous announcements made on 19 October 2018, 6 June 2018, 6 September 2017 and 10 November 2016 and the Company's circular dated 30 December 2016 in relation to certain CCTs relating to the Indofood Group, due to anticipated expansion of the flour market, the Company has undertaken a review in respect of Indofood's flour business transactions. As a result of that review, the Company has revised the annual caps for 2019 in respect of certain flour business transactions, including a new continuing connected transaction relating to the Indofood Group's flour business.

- 10 October 2019 announcement: following the Company's previous announcement made on 12 March 2018 in relation to the Framework Agreement between D.M. Consunji, Inc. (DMCI) and Maynilad Water Services, Inc. (Maynilad), the Company announced that on 10 October 2019, DMCI and Maynilad entered into the Revised Framework Agreement to revise Maynilad's estimated annual CAPEX budget and the revised Annual Caps set for the years ending 31 December 2019 and 2020 in respect of the continuing connected transactions contemplated under the Revised Framework Agreement, and that all other terms and conditions of the Framework Agreement will remain in full force and effect.

  Since the Service Contract proposed to be entered into between Maynilad and the DMCI-JFE Consortium, being a service contract entered into pursuant to the terms of the Revised Framework Agreement exceeds a period of three years, under Rule 14A.52 of the Listing Rules, Somerley Capital Limited (Somerley) has been appointed as the Independent Financial Adviser (IFA) to issue an independent opinion to explain the reasons for the Service Contract requiring a duration longer than three years. After consideration, the IFA confirmed that it is normal business practice for agreements of this type to be of such duration.

- 5 November 2019 announcement: following the Company's previous announcement made on 27 August 2019, 19 October 2018, 6 June 2018, 6 September 2017 and 10 November 2016 and the Company's circular dated 30 December 2016 in relation to certain CCTs relating to the Indofood Group, the Company announced that: (a) the renewal of certain existing continuing connected transactions with members of the Indofood Group effective from 1 January 2020, immediately following their expiry on 31 December 2019, in respect of the Indofood Group's noodles business, plantations business, distribution business, flour business, insurance policies, beverages business, dairy business, the revolving loan facility provided to connected subsidiaries of the Company relating to the Indofood Group's plantations business, customer relationship management, packaging business, property business and snack foods business, and their respective Annual Caps for 2020, 2021 and 2022; (b) a new continuing connected transaction (and the relevant framework agreement to be entered into in relation to it) by a member of the Indofood Group in relation to the Indofood Group's noodles business and its Annual Caps for 2020, 2021 and 2022; and (c) the renewal of an existing continuing connected transaction with members of the Indofood Group effective from 1 January 2020 in relation to the Indofood Group's sponsorship and its Annual Caps for 2020, 2021 and 2022.

  The renewal of the continuing connected transactions and the proposed new continuing connected transaction, each relating to the Indofood Group's noodles business, plantations business, distribution business and flour business and their respective proposed aggregated Annual Caps for 2020, 2021 and 2022 are subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. However, the renewal of the continuing connected transactions relating to the Indofood Group's insurance policies, beverages business, dairy business, loan facility under the Revolving Loan Agreement, customer relationship management, packaging business, property business, snack foods business, and sponsorship and the proposed aggregated Annual Caps for 2020, 2021 and 2022 are subject to the reporting and announcement requirements, but not the Independent Shareholders' approval requirements, under Chapter 14A of the Listing Rules.

- 29 November 2019 circular: following the Company's announcement made on 5 November 2019 in relation to certain continuing connected transactions of the Indofood Group, the Company provided its Shareholders with (i) further information on the 2020-2022 Noodles Business Transactions, the 2020-2022 Plantations Business Transactions, the 2020-2022 Distribution Business Transactions and the 2020-2022 Flour Business Transactions and their respective Annual Caps (as applicable); (ii) the recommendation of the Independent Board Committee in respect of the 2020-2022 Noodles Business Transactions, the 2020-2022 Plantations Business Transactions, the 2020-2022 Distribution Business Transactions and the 2020-2022 Flour Business Transactions and their respective Annual Caps and as to how the Independent Shareholders should vote at the special general meeting of the Company to be held on 16 December 2019 for the purpose of considering and, if thought fit, approving, among other things, the aforementioned Business Transactions (SGM); (iii) the advice of the Independent Financial Adviser in respect of the 2020-2022 Noodles Business Transactions, the 2020-2022 Plantations Business Transactions, the 2020-2022 Distribution Business Transactions and the 2020-2022 Flour Business Transactions and their respective Annual Caps and as to how the Independent Shareholders should vote at the SGM; (iv) the SGM Notice dated 29 November 2019; and (v) other information as required to be disclosed under the Listing Rules.

  At the Company's SGM held on 16 December 2019, the Independent Shareholders approved the 2020-2022 Noodles Business Transactions, the 2020-2022 Plantations Business Transactions, the 2020-2022 Distribution Business Transactions and the 2020-2022 Flour Business Transactions and their respective Annual Caps, details as set out in the SGM Notice dated 29 November 2019.

Risk Management and Internal Control
As an investment holding and management company, the Company does not have an internal audit department, each of the Group's operating companies has its own internal audit and/or risk management functions responsible for the implementation and monitoring of an effective internal control system. Their effectiveness is continuously being evaluated and enhanced by the respective operating companies' audit committees/risk committees, which are reviewed by the Company's Audit and Risk Management Committee on a semi-annual basis.

As a decentralized organization in which local management have substantial autonomy to run and develop their respective company business, the Group views well developed reporting systems and internal controls as essential. The Board plays a key role in the implementation and monitoring of internal controls. Their responsibilities include:

- conducting regular board meetings to focus on business strategy, operational issues and financial performance;
- active participation on the boards of subsidiaries, associated companies and joint venture companies;
- participating in the approval of annual budgets for each operating company covering strategy, financial and business performance, key risks and opportunities;
- monitoring the compliance with applicable laws and regulations, and also with the First Pacific Code;
- monitoring the quality, timeliness, and content of internal and external reporting; and
- monitoring risks and the effectiveness of internal controls.

The Board is responsible for maintaining an adequate system of risk management and internal controls in the Group and reviewing their effectiveness through the Audit and Risk Management Committee. The Company's Risk Assessment Committee, currently comprising of one Executive Director and senior executives, oversees head office's risk management function, in relation to its role as an investment holding and management company. This Committee reports to the Audit and Risk Management Committee twice each year.

In respect of the financial year ended 31 December 2019, the Board confirmed that it has received confirmations from the operating companies' audit committees, risk committees and/or internal auditor/chief risk officer on the effectiveness of the Group's risk management and internal control systems and that there is no significant area of concern to be disclosed.

During the year ended 31 December 2019, the Audit and Risk Management Committee reviewed and advised that:

- The risk management and internal control systems of the Group function are effective and are designed to provide reasonable assurance that material assets are protected, business risks attributable to the Group are identified and monitored, material transactions are executed in accordance with management's authorization and the financial statements are reliable for publication and compliant with all relevant laws and regulations.

- There are processes in place for identifying, evaluating and managing the material business risks faced by the Group. Such processes are incorporated in all the Group's businesses.

- There are adequate resources, qualified and experienced staff, training programs and budget for the Group's accounting and financial reporting function.

AUDIT OPINION

The auditor has expressed an unqualified opinion on the Group's financial statements for the year ended 31 December 2019 in their report dated 24 March 2020.

REVIEW STATEMENT BY THE AUDIT AND RISK MANAGEMENT COMMITTEE

The Audit and Risk Management Committee has reviewed the 2019 annual results, including the accounting policies and practices adopted by the Group. The Audit and Risk Management Committee also has discussed financial reporting, auditing, risk management and internal control matters with the Company's management and its external auditor.

FINAL DISTRIBUTION

The Board has recommended a final cash distribution of HK7.00 cents (US0.90 cent) per ordinary share. Subject to approval by Shareholders at the 2020 Annual General Meeting (AGM), the final distribution will be paid in cash in a currency to be determined based on the registered address of each Shareholder on the Company's Register of Members as follows: Hong Kong dollars for Shareholders with registered addresses in Hong Kong, Macau and PRC, Sterling pounds for Shareholders with registered addresses in the United Kingdom and US dollars for Shareholders with registered addresses in all other countries. It is expected that the distribution warrants will be dispatched to Shareholders on or about Wednesday, 8 July 2020.

CLOSURE OF REGISTER OF MEMBERS

1. **Annual General Meeting**

   The Register of Members will be closed from Thursday, 11 June 2020 to Tuesday, 16 June 2020, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for attending and voting at the AGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's Hong Kong Branch Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on Wednesday, 10 June 2020.

2. **Proposed Final Distribution**

   Upon Shareholders' approval of the proposed final distribution, the Register of Members will be closed from Tuesday, 23 June 2020 to Friday, 26 June 2020, both days inclusive, during which period no transfer of shares will be registered. The ex-dividend date will be Friday, 19 June 2020. In order to qualify for the proposed final distribution, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's Hong Kong Branch Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on Monday, 22 June 2020. The final distribution will be paid to Shareholders whose names appear on the Register of Members on Friday, 26 June 2020 and the payment date will be on or about Wednesday, 8 July 2020.

AGM

The AGM will be held at Mandarin Oriental, Hong Kong on Tuesday, 16 June 2020 at 2:30 p.m. A circular to Shareholders containing, among others, the Notice of AGM, will be uploaded to the websites of the Company (www.firstpacific.com) and the SEHK (www.hkexnews.hk), and be despatched to those Shareholders requiring printed copies by the end of April 2020.

Results Announcement and Annual Report

This annual results announcement is published on the website of the Company (www.firstpacific.com) and the website of SEHK (www.hkexnews.hk). The 2019 annual report containing all the information required by the Listing Rules will be uploaded to the above websites and be despatched to those Shareholders requiring printed copies by the end of April 2020.

On behalf of the Board of Directors
First Pacific Company Limited
Manuel V. Pangilinan
Managing Director and Chief Executive Officer

Hong Kong, 24 March 2020

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

Executive Directors:
Manuel V. Pangilinan, *Managing Director and Chief Executive Officer*
Christopher H. Young, *Chief Financial Officer*

Non-executive Directors:
Anthoni Salim, *Chairman*
Benny S. Santoso
Tedy Djuhar

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