First Pacific Company Limited

Stock Code: 00142

ANNUAL REPORT 2020

Creating Long-term Value in Asia

Corporate Profile

FIRST PACIFIC is a Hong Kong-based investment management and holding company with operations located in Asia-Pacific. Our principal businesses relate to consumer food products, telecommunications, infrastructure and natural resources.

Our mission is to unlock value in our operating companies by:

- Delivering dividend/distribution returns to shareholders
- Delivering share price/value appreciation of First Pacific and its operating companies
- Making further investments in value-enhancing businesses, taking into consideration all relevant criteria, including Environmental, Social and Governance ("ESG") factors to better manage risk and generate sustainable long-term returns

Our investment criteria are clear:

- Investments must be located in or trading with the fast-growing economies of emerging Asia
- They must be related to our four industry sectors (consumer food products, telecommunications, infrastructure and natural resources)
- Companies invested in must have a strong or dominant market position in their respective sectors
- They must possess the potential for substantial cash flows
- First Pacific must obtain management control or significant influence to ensure our goals can be met

Our strategies are threefold:

- Identify undervalued or underperforming assets with strong growth potential and possible synergies
- Manage businesses by setting strategic direction, developing business plans and defining targets
- Raise reporting and ESG standards to world-class levels at First Pacific and its operating companies

Contents

First Pacific's business represents a balance of assets in our core industries and markets in PT Indofood Sukses Makmur Tbk ("Indofood"), PLDT Inc. ("PLDT") and Metro Pacific Investments Corporation ("MPIC"). Indofood is the largest vertically integrated food company in Indonesia and PLDT is the dominant integrated telecommunications and digital services provider in the Philippines with the largest fixed broadband network and the largest, most modern, and most sophisticated wireless network in the country. MPIC is a leading infrastructure investment management and holding company in the Philippines, with holdings in the country's largest electricity distributor, toll road operator, water distributor, and hospital group. MPIC also holds assets in the storage of petroleum products and in the largest electricity generator in the Visayas region of the Philippines.

First Pacific is also invested in Philex Mining Corporation ("Philex"), PXP Energy Corporation ("PXP"), PacificLight Power Pte. Ltd. ("PLP") and Roxas Holdings, Inc. ("RHI"). Philex is one of the largest metal mining companies in the Philippines, producing gold, copper and silver. PXP is an upstream oil and gas company with a number of service contracts in the Philippines and Peru. PLP is the operator of one of Singapore's most efficient gas-fired power plants and RHI runs a sugar and ethanol business in the Philippines.

Listed in Hong Kong, First Pacific's shares are also available for trading in the United States through American Depositary Receipts.

As at 29 March 2021, First Pacific's economic interest in Indofood is 50.1%, in PLDT 25.6%, in MPIC 43.1%, in Philex 31.2%[(1)], in PXP 35.7%[(1)(2)], in FPM Power Holdings Limited ("FPM Power") 67.8%[(3)] and in FP Natural Resources Limited ("FP Natural Resources") 80.8%[(4)].

(1) Two Rivers Pacific Holdings Corporation ("Two Rivers"), a Philippine affiliate of First Pacific, holds additional 15.0% and 6.7% economic interests in Philex and PXP, respectively.

(2) Includes a 14.0% effective economic interest in PXP held through First Pacific's indirect interests in Philex.

(3) Includes a 7.8% effective economic interest in FPM Power held through First Pacific's indirect interests in Manila Electric Company ("Meralco").

(4) Includes a 10.8% effective economic interest in FP Natural Resources held through First Pacific's indirect interests in Indofood Agri Resources Ltd. ("IndoAgri"). FP Natural Resources holds 32.7% in RHI, and its Philippine affiliate First Agri Holdings Corporation ("FAHC") holds an additional 30.2% economic interest in RHI.

Ten-year Statistical Summary

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Results (US$ millions)										
Turnover	**7,130.5**	7,585.0	7,233.3	7,037.9	6,779.0	6,437.0	6,841.3	6,005.8	5,990.8	5,684.1
Profit for the year	**667.6**	121.1	608.7	561.3	517.8	418.9	503.2	620.9	834.9	1,097.4
Profit/(loss) attributable to owners of the parent	**201.6**	(253.9)	131.8	120.9	103.2	80.6	75.7	235.3	353.3	574.0
Contribution from operations	**409.7**	395.6	393.9	420.5	400.2	426.5	455.7	467.2	460.8	511.8
Recurring profit	**321.2**	290.0	289.5	300.0	264.9	287.5	316.9	327.1	358.0	423.0
Ordinary share distributions/dividends	**81.0**	75.2	74.8	74.7	74.5	74.2	115.7	116.1	103.8	109.8
Per Ordinary Share Data (U.S. cents)										
Basic earnings/(loss)	**4.65**	(5.85)	3.04	2.80	2.42	1.89	1.76	5.66	9.01	14.49
Basic recurring earnings	**7.40**	6.68	6.68	6.96	6.21	6.74	7.39	7.87	9.13	10.68
Distributions/dividends	**1.86**	1.73	1.73	1.73	1.73	1.73	2.70	2.70	2.70	2.85
Equity attributable to owners of the parent	**72.27**	67.41	71.02	74.32	72.68	71.93	78.08	81.44	84.65	78.50
Total assets	**620.12**	503.64	481.38	471.08	402.07	402.93	378.67	360.68	362.80	327.55
Tangible assets	**383.21**	372.50	359.45	361.58	300.82	305.12	295.40	281.00	281.45	251.57
Net cash flows from operating activities	**23.86**	33.51	16.91	17.96	17.11	15.21	19.48	17.41	25.54	16.22
Financial Ratios										
Gross margin (%)	**32.37**	30.11	28.02	29.34	29.57	27.86	27.59	29.31	31.08	31.21
Recurring return on average net assets (%)	**8.98**	10.47	9.00	9.47	9.23	9.24	10.13	10.18	11.83	15.01
Recurring return on average equity attributable to owners of the parent (%)	**10.59**	9.65	9.17	9.47	8.57	8.96	9.24	9.69	11.43	15.11
Distribution/dividend payout ratio (%)	**25.22**	25.93	25.84	25.03	28.12	25.81	36.51	35.49	28.99	25.96
Distribution/dividend cover (times)	**3.97**	3.86	3.87	4.02	3.56	3.87	2.74	2.82	3.45	3.85
Distribution/dividend yield (%)	**5.87**	5.09	4.45	2.53	2.50	2.64	2.74	2.38	2.49	2.75
Interest cover (times)	**3.99**	4.24	4.06	4.31	4.18	3.87	4.29	4.77	6.29	7.18
Current ratio (times)	**1.24**	1.12	1.03	1.32	1.24	1.39	1.69	1.72	1.78	1.57
Gearing ratio (times)										
– Consolidated	**0.77**	0.68	0.78	0.66	0.54	0.64	0.47	0.43	0.30	0.26
– Head Office	**0.81**	0.76	0.76	0.83	0.75	0.79	0.56	0.51	0.67	0.71

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Consolidated Statement of Financial Position Data (US$ millions)										
Total assets	**26,943.6**	21,882.5	20,901.5	20,454.5	17,215.4	17,199.0	16,233.4	15,544.1	13,886.7	12,611.8
Net debt	**8,205.6**	5,978.4	6,783.9	5,731.4	4,338.0	4,667.9	3,455.9	3,182.5	2,145.8	1,764.8
Total liabilities	**16,315.1**	13,124.5	12,191.1	11,712.0	9,181.1	9,864.6	8,822.1	8,064.6	6,636.0	5,732.6
Net current assets	**1,147.7**	525.3	120.2	1,041.0	646.9	1,186.2	1,944.6	1,672.3	1,613.9	1,193.0
Total assets less current liabilities	**22,112.8**	17,385.2	16,761.2	17,198.5	14,493.6	14,130.4	13,420.2	13,213.4	11,817.1	10,508.8
Equity attributable to owners of the parent	**3,140.0**	2,928.7	3,083.6	3,227.1	3,112.0	3,070.2	3,347.2	3,509.9	3,240.0	3,022.7
Total equity	**10,628.5**	8,758.0	8,710.4	8,742.5	8,034.3	7,334.4	7,411.3	7,479.5	7,250.7	6,879.2
Consolidated Statement of Cash Flows Data (US$ millions)										
Net cash flows from operating activities	**1,036.6**	1,455.5	734.1	776.1	731.4	650.0	835.8	723.9	1,002.0	642.5
Capital expenditure	**1,065.6**	1,376.5	1,236.0	1,063.0	696.7	830.8	636.4	899.7	701.6	561.7
Other Information (at 31 December)										
Head Office net debt (US$ millions)	**1,319.5**	1,330.6	1,550.2	1,521.8	1,511.3	1,675.3	1,227.5	1,160.3	1,133.8	1,170.3
Number of shares in issue (millions)	**4,344.9**	4,344.9	4,342.0	4,342.0	4,281.7	4,268.5	4,287.0	4,309.7	3,827.6	3,850.4
Weighted average number of shares in issue during the year (millions)	**4,344.9**	4,344.1	4,342.0	4,320.2	4,275.8	4,274.2	4,299.1	4,157.4	3,922.7	3,961.8
Share price (HK$)										
– After rights issue	**2.47**	2.65	3.02	5.30	5.42	5.14	7.69	8.82	8.32	7.90
– Before rights issue	**N/A**	N/A	N/A	N/A	N/A	N/A	N/A	N/A	8.51	8.08
Adjusted NAV per share (HK$)										
– After rights issue	**7.23**	6.30	7.26	10.26	10.45	9.67	13.24	12.57	15.09	13.09
– Before rights issue	**N/A**	N/A	N/A	N/A	N/A	N/A	N/A	N/A	15.43	13.38
Share price discount to adjusted NAV per share (%)	**65.8**	57.9	58.4	48.3	48.1	46.8	41.9	29.8	44.8	39.6
Market capitalization (US$ millions)	**1,375.9**	1,476.2	1,681.1	2,950.3	2,975.2	2,812.8	4,226.5	4,873.3	4,176.0	3,988.6
Number of shareholders	**4,478**	4,494	4,500	4,530	4,760	4,796	4,853	4,884	4,606	4,503
Number of employees	**103,127**	101,836	110,394	102,530	94,189	96,446	98,107	91,874	80,941	73,582

See pages 231 to 233 for a glossary of terms

Note: In December 2020, the Group has classified Global Business Power Corporation ("GBPC") as a disposal group held for sale and as a discontinued operation. As a result, the comparative amounts of (i) turnover and (ii) gross margin for 2017 to 2019 have been restated to reflect this change as the Group has consolidated GBPC since June 2017. In July 2013, the Company completed a rights issue, offering its shareholders one rights share for every eight existing shares held at a subscription price of HK$8.10 per rights share. Accordingly, the comparative amounts of (i) basic earnings per share, (ii) basic recurring earnings per share, (iii) net cash flows from operating activities per share, (iv) weighted average number of shares in issue during the year, (v) share price (after rights issue) and (vi) adjusted NAV per share (after rights issue) for 2011 and 2012 have been restated to reflect the effects of this rights issue in order to provide a more meaningful comparison.

Financial Highlights

US$321.2m
Recurring profit ↑ 11%

US$201.6m
Turnaround to net profit

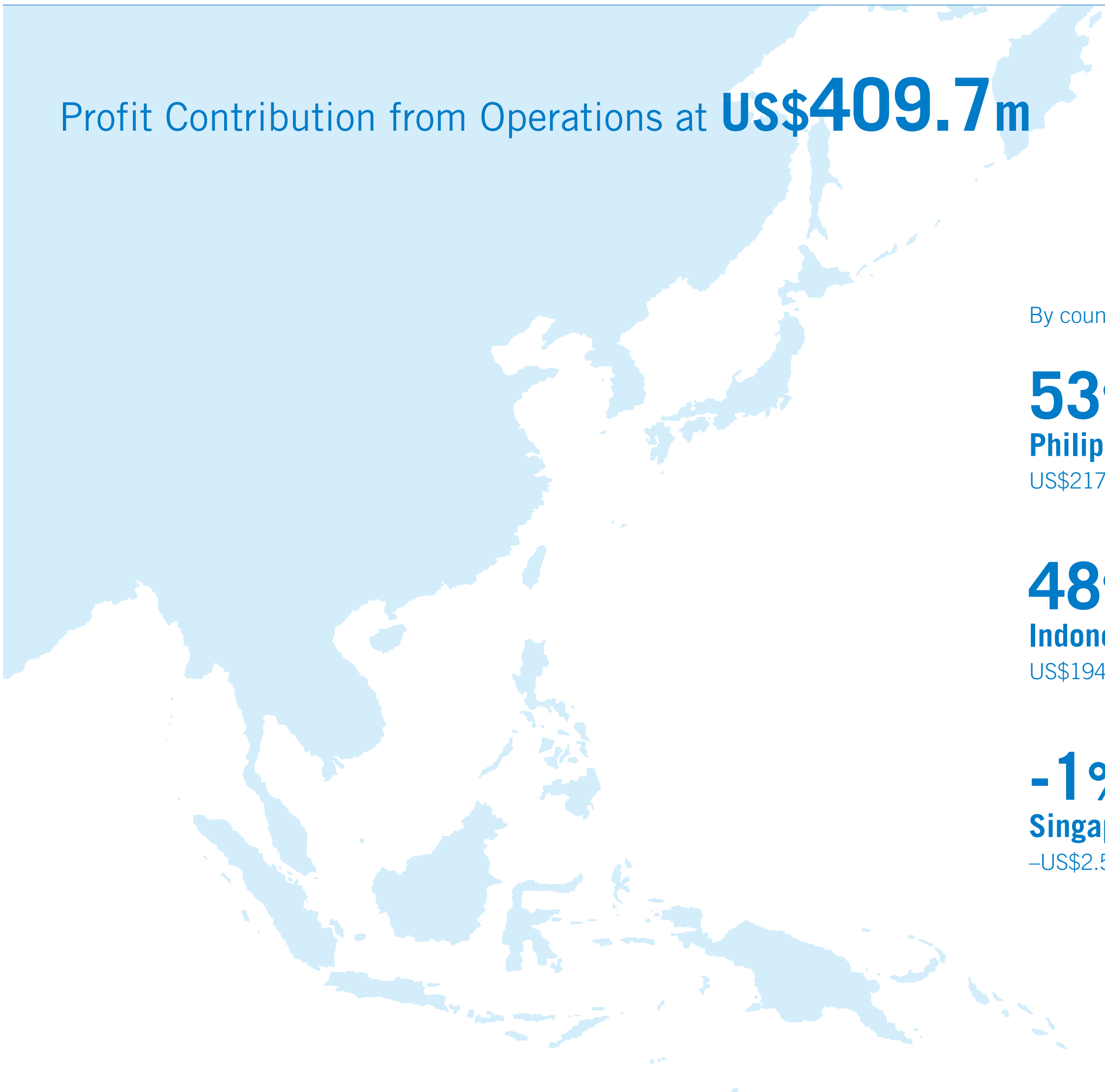
US$7.1b
Turnover ↓ 6%

US$3.1b
Equity attributable to owners of the parent ↑ 7%

US$26.9b
Total assets ↑ 23%

US$1.4b
Market capitalization ↓ 7%

Profit Contribution from Operations at **US$409.7m**



By country

53%
Philippines
US$217.8m

48%
Indonesia
US$194.4m

-1%
Singapore
–US$2.5m

By sector

45%
Consumer food products
US$184.5m

33%
Telecommunications
US$134.9m

20%
Infrastructure
US$82.3m

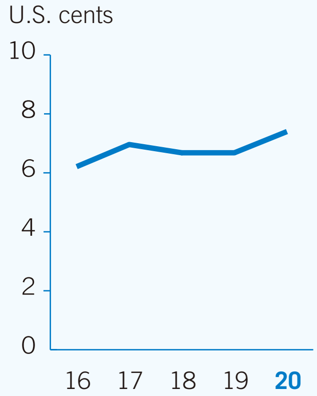
2%
Natural resources
US$8.0m

- Distribution payout at US$81.0 million
- Distribution payout at 25% of recurring profit
- Head Office dividend and fee income from operating companies at US$189.9 million
- Head Office net debt at US$1.3 billion
- Head Office net interest expense at US$60.0 million
- Redeemed and repurchased US$307.4 million principal amount of bonds

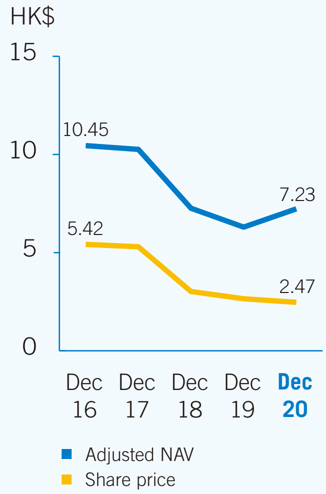
Five-year Data

(Per share)

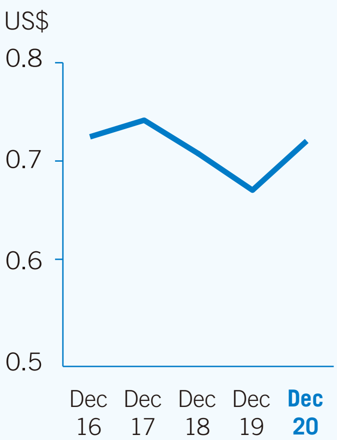
Basic Recurring Earnings



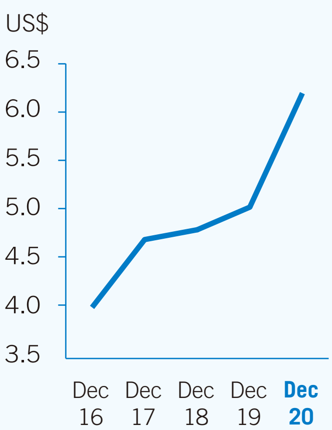
Share Price vs Adjusted NAV



Equity attributable to owners of the parent



Total Assets



FIRST PACIFIC

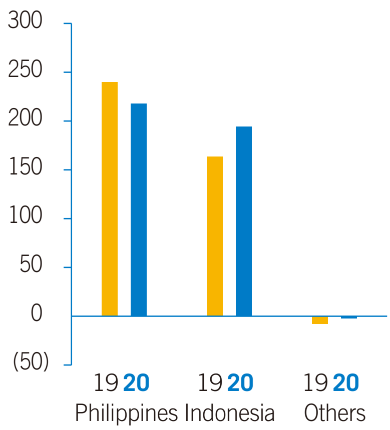
Below is an analysis of results by individual company.

Contribution and Profit Summary

For the year ended 31 December US$ millions	Turnover 2020	 2019 (Restated)[ii]	Contribution to Group profit[i] 2020	 2019
Indofood	**5,583.1**	5,414.4	**194.4**	163.4
PLDT[iii]	**–**	–	**134.9**	119.3
MPIC	**825.5**	1,239.8	**84.8**	126.8
Philex[iii]	**–**	–	**8.0**	1.0
FPM Power	**571.0**	713.4	**(2.5)**	(10.5)
FP Natural Resources	**150.9**	217.4	**(9.9)**	(7.2)
FPW[iv]	**–**	–	**–**	2.8
Contribution from Operations[v]	**7,130.5**	7,585.0	**409.7**	395.6
Head Office items:				
– Corporate overhead			**(19.7)**	(20.8)
– Net interest expense			**(60.0)**	(76.5)
– Other expenses			**(8.8)**	(8.3)
Recurring Profit[vi]			**321.2**	290.0
Foreign exchange and derivative gains, net[vii]			**34.1**	6.8
Gain on changes in fair value of biological assets			**0.1**	3.0
Non-recurring items[viii]			**(153.8)**	(553.7)
Profit/(Loss) Attributable to Owners of the Parent			**201.6**	(253.9)

Contribution by Country

US$ millions



(i) After taxation and non-controlling interests, where appropriate.
(ii) The Group has restated its 2019 turnover to US$7,585.0 million from US$8,054.7 million following the classification of GBPC as a disposal group held for sale and a discontinued operation in December 2020. Details of the change are set out in Note 7 to the Consolidated Financial Statements.
(iii) Associated companies.
(iv) FPW Singapore Holdings Pte. Ltd. ("FPW"), a joint venture and was sold on 16 December 2019.
(v) Contribution from operations represents the recurring profit contributed to the Group by its operating companies.
(vi) Recurring profit represents the profit/(loss) attributable to owners of the parent excluding the effects of foreign exchange and derivative gains, gain on changes in fair value of biological assets and non-recurring items.
(vii) 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.
(viii) Non-recurring items represent certain items, through occurrence or size, which are not considered as usual operating items. 2020's non-recurring losses of US$153.8 million mainly represent (a) the Group's impairment provisions for assets, including investments in RHI, property, plant and equipment, goodwill, deferred costs and others (US$74.1 million), loss on disposal of RHI's sugar mill, ethanol plant and other assets in La Carlota, Negros Occidental ("La Carlota assets") (US$15.8 million) and debt refinancing costs (US$7.5 million), and (b) PLDT's manpower reduction costs (US$9.5 million) and accelerated amortization for Sun trademark (US$6.8 million), and PLP's provisions for take-or-pay obligation and onerous contracts (US$7.4 million). 2019's non-recurring losses of US$553.7 million mainly represent (a) the Group's loss on disposal of Goodman Fielder Pty Limited ("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 Water Services Inc. ("Maynilad"), MetroPac Movers, Inc. 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 Metro Pacific Hospital Holdings, Inc. ("MPHHI") (US$210.6 million).

In 2020, First Pacific recorded a rise in contribution from operations and recurring profit, and a turnaround to net profit from a net loss notwithstanding the business and social consequences of the global COVID-19 pandemic, reflecting the Group's well managed businesses in sectors vital to economies in lockdown.

Turnover down 6% to US$7.1 billion from US$7.6 billion (restated)	■ higher revenues at Indofood reflecting the consolidation of Pinehill Company Limited ("Pinehill") since September 2020 ■ lower revenues at MPIC and FP Natural Resources due to COVID-19 related community quarantine ■ lower revenues at FPM Power due to lower average selling price of electricity as a result of a decline in oil prices
Recurring profit up 11% to US$321.2 million from US$290.0 million	■ higher profit contributions from Indofood, PLDT and Philex ■ lower losses at FPM Power ■ lower Head Office net interest expenses and corporate overhead ■ partly offset by a lower profit contribution from MPIC and a higher loss at FP Natural Resources
Non-recurring losses down 72% to US$153.8 million from US$553.7 million	■ reflecting the absence of the Group's loss on disposal of Goodman Fielder and impairment provisions for PLP and Maynilad ■ partly offset by impairment provisions for the Group's investments in RHI and other assets, and the absence of MPIC's gain on deconsolidation of MPHHI
Reported profit of US$201.6 million versus reported loss of US$253.9 million	■ higher recurring profit ■ lower non-recurring losses

The Group's operating results are denominated in local currencies, principally the rupiah, the peso and the Singapore dollar (S$), 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	2020	2019	One year change
Rupiah	**14,105**	13,901	-1.4%
Peso	**48.02**	50.64	+5.5%
S$	**1.322**	1.346	+1.8%

Average exchange rates against the U.S. dollar For the year ended 31 December	2020	2019	One year change
Rupiah	**14,639**	14,146	-3.4%
Peso	**49.49**	51.57	+4.2%
S$	**1.377**	1.363	-1.0%

During 2020, the Group recorded net foreign exchange and derivative gains of US$34.1 million (2019: US$6.8 million), which can be further analyzed as follows:

US$ millions	2020	2019
Head Office	**3.7**	3.2
Indofood	**26.8**	0.8
PLDT	**5.0**	1.1
MPIC	**(3.7)**	(1.4)
Philex	**0.6**	0.5
FPM Power	**1.7**	1.0
FPW	**–**	1.6
Total	**34.1**	6.8

Distributions

First Pacific's Board of Directors, taking into consideration cash flow trends and following prudent risk management practices, declared a final distribution of HK 7.5 cents (U.S. 0.96 cent) (2019: HK 7.0 cents (U.S. 0.90 cent)) per share which brings the total distribution for 2020 to HK 14.5 cents (U.S. 1.86 cents), up 7% from HK 13.5 cents (U.S. 1.73 cents) in 2019. The total distribution represents a payout ratio of approximately 25% (2019: 26%) of recurring profit, marking the 11th consecutive year that First Pacific has distributed at least 25% of recurring profit to its shareholders.

Debt Profile

First Pacific's proactive liability management program achieved lower borrowing costs, longer maturities, and a smooth debt maturity profile during 2020.

On 11 September 2020, First Pacific's wholly-owned subsidiary, FPC Resources Limited, issued US$350 million of 7-year unsecured guaranteed bonds at a coupon of 4.375%, with over three times subscription.

On 28 September 2020, First Pacific redeemed its last remaining secured bond with an outstanding principal amount of US$251.8 million on maturity. This 10-year US$400 million bond was First Pacific's most expensive borrowing at the time of redemption with a coupon of 6.375%.

In 2020, First Pacific bought back and cancelled a total of US$55.6 million of bonds, principally US$54.5 million of the 5.75% 7-year bond with maturity on 30 May 2025.

As at 31 December 2020, Head Office gross debt stood at approximately US$1.4 billion with an average maturity of 3.9 years. Net debt was little changed at approximately US$1.3 billion. Approximately 74% of the Head Office borrowings were at fixed rates while floating rate bank loans comprised the remainder. The blended interest rate was approximately 3.5% per annum. All Head Office borrowings are unsecured.

As at 29 March 2021, the principal amounts of the following bonds remained outstanding:
- US$357.8 million 10-year at 4.5% coupon with maturity on 16 April 2023
- US$120.5 million 7-year at 5.75% coupon with maturity on 30 May 2025
- US$350.0 million 7-year at 4.375% coupon with maturity on 11 September 2027

There is no Head Office recourse for the borrowings of subsidiary or associated companies.

Interest Cover

In 2020, Head Office operating cash inflow before interest expense and tax was US$172.6 million. Net cash interest expense declined 24% to US$55.2 million, reflecting lower blended interest costs and higher interest income. For the 12 months ended 31 December 2020, cash interest cover was approximately 3.1 times.

Interest Rate Hedging

To manage floating interest rate risk, First Pacific entered into an interest rate swap in 2020 to fix the interest rate for a US$130 million tranche of a US$200 million syndicated loan until its maturity in May 2024.

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.

Outlook

Looking ahead to a new normal following the COVID-19 pandemic which began in 2020 and has continued into the first months of 2021, First Pacific's core holdings of Indofood, PLDT and MPIC are expected to grow and are forecast to expand their earnings over the medium to long term. First Pacific's US$100 million 3-year share repurchase program aims to achieve a share price that better reflects the value of what it represents – large holdings in some of the finest companies in Southeast Asia.

Indofood
THE SYMBOL OF QUALITY FOODS

PROFIT CONTRIBUTION

US$ 194.4 million

The Indonesian government announced a partial lockdown from April 2020 in response to the COVID-19 outbreak, resulting in a substantial reduction in economic activity in the affected areas. Despite the challenging situation, Indofood's resilient business model supported its growth momentum in 2020. This is reflected in Indofood's ability to achieve sales and profit growth, as well as respond to rapid changes in the market, staying relevant to rapidly changing consumer demands in a trying year.

Indofood's contribution to the Group increased 19% to US$194.4 million (2019: US$163.4 million) principally reflecting higher core profit.

Core profit up 22% to 6.0 trillion rupiah (US$407.1 million) from 4.9 trillion rupiah (US$346.3 million)	■ mainly reflecting strong performance of the Consumer Branded Products ("CBP") group ■ included four months contribution from Pinehill following its acquisition by PT Indofood CBP Sukses Makmur Tbk ("ICBP") at the end of August 2020 ■ improved performance of Bogasari and Agribusiness groups
Net income up 32% to 6.5 trillion rupiah (US$441.0 million) from 4.9 trillion rupiah (US$347.0 million)	■ reflecting higher core profit ■ higher net foreign exchange gain ■ partly offset by higher non-recurring losses from impairment provision for investment in RHI and a lower gain from changes in fair value of biological assets
Consolidated net sales up 7% to 81.7 trillion rupiah (US$5.6 billion) from 76.6 trillion rupiah (US$5.4 billion)	■ driven by higher sales of all business groups ■ the consolidation of Pinehill from September 2020
Gross profit margin to 32.7% from 29.7%	■ mainly driven by higher average selling prices at the CBP and Agribusiness groups
Consolidated operating expenses up 8% to 13.9 trillion rupiah (US$947.0 million) from 12.9 trillion rupiah (US$910.9 million)	■ reflecting higher selling and general and administrative expenses ■ partly offset by an operating foreign exchange gain versus a loss in 2019
EBIT margin to 15.8% from 12.8%	■ reflecting higher gross profit margin

Debt Profile

As at 31 December 2020, Indofood recorded gross debt of 53.3 trillion rupiah (US$3.8 billion) reflecting higher borrowings for funding investments, up 132% from 23.0 trillion rupiah (US$1.7 billion) as at 31 December 2019. Of this total, 28% matures within one year and the remainder matures between 2022 and August 2028, while 37% was denominated in rupiah and the remaining 63% was denominated in foreign currencies.

Additional Investments

Acquisition of Pinehill

On 27 August 2020, ICBP completed the acquisition of the entire issued share capital of Pinehill for a consideration of US$2,998 million from Pinehill Corpora Limited and Steele Lake Limited. ICBP paid US$2,348 million upon the completion of the acquisition in August 2020 and retained the remaining US$650 million pending the release of the audited net profits of Pinehill for 2020 and 2021, under the terms of a minimum profit guarantee by the sellers.

The acquisition was approved by First Pacific's independent shareholders on 17 July 2020, and approved by ICBP shareholders on 3 August 2020.

Pinehill primarily manufactures and sells instant noodles in Saudi Arabia, Nigeria, Egypt, Turkey, Serbia, Ghana, Morocco and Kenya under the "Indomie" brand licensed from Indofood. The total population in these eight countries is approximately 550 million people, increasing to 885 million after including export markets. Pinehill has 12 factories with an annual production capacity of approximately 10 billion packs of instant noodles, serving markets that growing rapidly.

Other investments

On 31 December 2020, Indofood's subsidiary PT Salim Ivomas Pratama Tbk ("SIMP") announced to increase its effective economic interest in PT Mentari Subur Abadi to approximately 80% from approximately 60% for a consideration of 807 billion rupiah (US$57.2 million). The transaction was completed in January 2021.

On 17 February 2021, ICBP completed the acquisition of 49% interest in PT Indofood Fritolay Makmur ("IFL") for a consideration of approximately 494 billion rupiah (US$35.0 million) from Fritolay Netherlands Holding B.V. Post the transaction, ICBP's interest in IFL increased to 100% from 51%.

From 1 January 2020 to 29 March 2021, Indofood acquired a total of approximately 25.6 million shares of Indofood Agri Resources Ltd. ("IndoAgri") from the open market for a total consideration of approximately S$7.5 million (US$5.6 million), increasing Indofood's effective interest in IndoAgri to 71.8% from 70.0% as at 31 December 2019.

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 60 plants located in key markets across Indonesia, CBP's products are available across the country and are exported to more than 80 markets around the world. Through its wholly-owned subsidiary, Pinehill, CBP group also owns 12 production facilities in eight countries in Africa, the Middle East and Southeastern Europe.

Indofood's Noodles division is one of the world's largest producers of instant noodles and is the market leader in Indonesia, Saudi Arabia, Egypt, Kenya, Serbia, Morocco, Turkey, Nigeria, and Ghana. Its annual production capacity is around 30 billion packs, across a broad range of instant noodle varieties.

The Dairy division has an annual production capacity of more than 800,000 tonnes and is one of the largest dairy manufacturers in Indonesia. It produces and markets UHT milk, sterilized bottled milk, sweetened condensed creamer, evaporated milk, pasteurized liquid milk, multicereal milk, milk flavored drinks, powdered milk, ice cream and butter.

The Snack Foods division has an annual production capacity of around 50,000 tonnes, producing western and modernized traditional snacks, and extruded snacks, making it the market leader in the modern snack category in Indonesia.

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

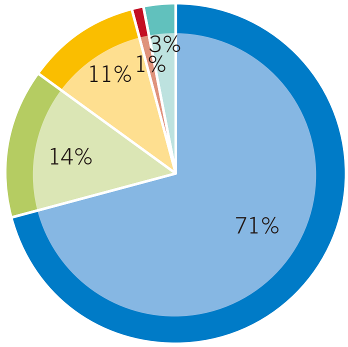
Indofood's Nutrition & Special Foods division is one of the market leaders in Indonesia's baby food industry. This division has an annual production capacity of 25,000 tonnes, producing baby cereals, baby snacks such as rice puffs, crunchies, biscuits and puddings, and noodle soup for infants and toddlers, 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 approximately three billion liters.

Despite the challenges of 2020, CBP group sales rose 10% to 47.0 trillion rupiah (US$3.2 billion), growing across all business divisions except Beverages, and the EBIT margin improved to 19.4% from 16.8%. This performance included four months of contribution by Pinehill following its acquisition at the end of August 2020. Key to this success was the CBP group's focus on ensuring the high availability of products online and offline, increasing consumer mindshare for its brands, improving the competitiveness of its products and providing a safe working environment for its employees in both domestic and overseas markets.

As one of Indonesia's leading consumer goods producers, CBP group provides daily foods solutions to consumers. CBP group's strategy remains maintaining a balance between volume growth and profitability. For the domestic market, CBP group will focus on maintaining consumer loyalty, ensuring product availability, improving service levels to retailers and focusing on product innovation to respond to market trends and consumer demand. In its overseas markets, the objective is to drive volume growth through expanding the distribution network and increasing stock-keeping units to bring consumers more choice. CBP group will also focus on productivity and efficiency improvements to increase its competitiveness and will continue to safeguard its people.

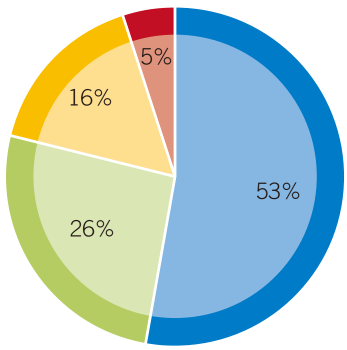
Operating Profit 2020*



	US$ millions
Consumer Branded Products	622.7
Bogasari	122.2
Agribusiness	102.0
Distribution	11.1
Unallocated other operating income	22.5
Total	**880.5**

* Before inter-segment elimination

Turnover 2020*



	US$ millions
Consumer Branded Products	3,208.5
Bogasari	1,568.8
Agribusiness	994.0
Distribution	311.6
Total	**6,082.9**

* Before inter-segment elimination

Bogasari

Bogasari is the largest integrated flour miller in Indonesia, operating four flour mills 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 increased slightly to 23.0 trillion rupiah (US$1.6 billion), reflecting higher sales volume but partly offset by lower average selling prices. The EBIT margin improved to 7.8% from 7.1% largely as a result of lower wheat costs.

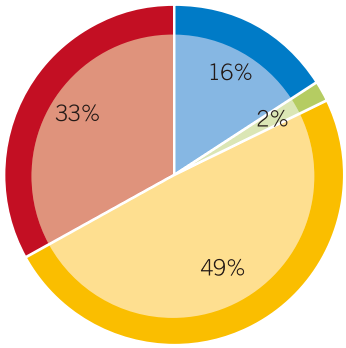
Overall industry demand for flour increased during the year despite the implementation of social distancing measures during the COVID-19 pandemic such as the closure of restaurants and food outlets, with small and medium-sized enterprises most affected. Despite the current uncertain situation, Indofood expects improved macroeconomic conditions and increasing affluence in Indonesia's expanding middle class to drive demand growth for flour-based foods.

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 land assets in Bússola Empreendimentos e Participações S.A ("Bússola"). It has also invested in Roxas Holdings, Inc. in the Philippines.

Sales rose 7% to 14.6 trillion rupiah (US$994.0 million), mainly reflecting higher sales and higher prices of crude palm oil ("CPO") and EOF products. Due to lower fresh fruit bunch ("FFB") production and external purchases, sales volume of CPO fell 15% to 748,000 tonnes, whilst palm kernel ("PK") related products sales volume declined 17% to 183,000 tonnes.

Age Profile of Oil Palm Plantations



	Hectares
Immature areas	41,435
4–6 years	5,129
7–20 years	123,332
Above 20 years	83,165
Total	**253,061**

Plantations

The total planted area rose slightly to 303,149 hectares from year-end 2019, of which oil palm accounted for 83% while rubber, sugar cane, timber, cocoa and tea accounted for the remainder. IndoAgri's oil palms have an average age of approximately 16 years, while around 18% of its oil palms are younger than seven years. This division has a total annual processing capacity of 7.0 million tonnes of FFB.

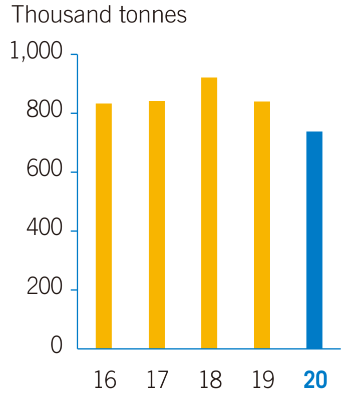
In 2020, the Plantations division recorded a 2% increase in sales to 8.5 trillion rupiah (US$577.7 million) as a result of higher prices for CPO and PK products.

FFB nucleus production declined 9% to 3.0 million tonnes, mainly reflecting lower production arising from the replanting of old palms in Riau and North Sumatra and adverse weather conditions. CPO production declined 12% to 737,000 tonnes on lower FFB nucleus and purchases from external parties. The CPO extraction rate declined slightly to 21.0%.

In South Sumatra, Indonesia, the total planted area of rubber declined 5% to 15,976 hectares. The planted area of sugar cane rose 5% to 14,153 hectares, though sugar production declined 16% to 51,000 tonnes due to lower sugar rendement caused by wet weather during the harvesting period. IndoAgri's sugar factory in Central Java, produced 19,000 tonnes of sugar, of which 4,000 tonnes belonged to IndoAgri, and the remainder to the smallholder suppliers.

At the end of September 2020, IndoAgri completed the consolidation of its sugar assets and operations in Brazil under CMAA, and all the freehold land assets under a separate legal entity, Bússola. Both CMAA and Bússola were 50.00%, 36.21% and 13.79% owned by JF Family, IndoAgri and Rio Grande Investment Pte. Ltd., respectively. CMAA's sugar cane planted area increased 13% from year-end 2019 to 106,945 hectares, and the sugar cane harvest rose 26% to 7.7 million tonnes. The combined annual cane crushing capacity of CMAA is 8.8 million tonnes. IndoAgri's share of profit from its Brazilian mills rose 663% to 126.7 billion rupiah (US$8.7 million) from 16.6 billion rupiah (US$1.2 million) reflecting higher prices of sugar and ethanol, and higher sales volumes of sugar.

CPO Production

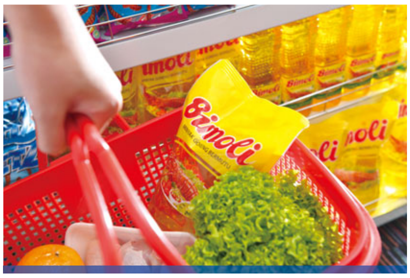


Edible Oils & Fats

This division manufactures cooking oils, margarines and shortenings. It has an annual CPO refinery capacity of 1.7 million tonnes. Approximately 72% of this division's CPO requirements were sourced from the Plantations division in 2020, while it was 75% in 2019.

In 2020, the EOF division recorded a 12% increase in sales to 11.5 trillion rupiah (US$782.2 million) driven by higher average selling prices arising from higher CPO prices offset by lower sales volumes owing to lower demand from the hotels, restaurants and catering (the hospitality industry or HORECA) segment. By contrast, the EOF division's consumer branded cooking oils and margarine products recorded positive growth, with more families cooking and dining at home during the pandemic.

IndoAgri will continue to prioritize capital expenditure in areas of growth and focus on cost-controls and other innovations to increase productivity and yields. The replanting of older palms in North Sumatra and Riau is ongoing, with newer and higher yielding varieties developed by the group's seed breeding programme. The expansion of milling facilities in East Kalimantan continues, alongside new efficiency measures.



EOF division's marketing strategy continues through digital platforms and e-commerce channels, aiming to further strengthen Bimoli's leading market position through competitive pricing as well as increasing production capacity to meet increasing demand growth.

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 improved 10% to 4.6 trillion rupiah (US$311.6 million) mainly supported by the growth in demand for the products of Indofood and those of other consumer food companies this group provides services to. The EBIT margin declined to 3.5% from 5.1%.

As a strategic asset that forms a vital part of Indofood's vertically integrated operations, the Distribution group continues to focus on ensuring the availability of Indofood products to the market as well as improving operational excellence. With its 1,300 stock points across Indonesia, the Distribution group has unrivaled flexibility in accessing traditional and modern grocery outlets, and reacting quickly to evolving consumer purchasing patterns.

Outlook

The Indonesian government forecasts a return to growth in 2021 following a contraction in 2020 that was the worst since the Asian Financial Crisis of the late 1990s. Indofood is optimistic about the wider economic recovery while remaining cautious about the pandemic headwinds, and expects to see continuing sales growth overall in 2021. Embarking on its next growth phase in local and overseas markets, Indofood's strategy will be to strengthen its vertically integrated business model, build on its past achievements, and evolve to address new opportunities and challenges.

PLDT

PROFIT CONTRIBUTION

US$134.9 million

PLDT's transformation and network integration over recent years delivered the robustness and capacity it needed to ensure all services remained available to subscribers even during the substantial surge in network traffic brought on by the lockdown response to the COVID-19 pandemic. Its committed management and people, especially frontline staff, played a vital role in keeping operations smooth.

Once mandatory mobility restrictions were eased, PLDT accelerated its network buildout and repairs and installations at its Home business. It also accelerated a shift towards online payments and other forms of cashless payment systems to reduce contact between staff and customers as part of social-distancing measures to ensure community and staff health and safety.

PLDT's contribution to the Group increased 13% to US$134.9 million (2019: US$119.3 million) reflecting higher consolidated core net income.

Telco core net income up 4% to 28.1 billion pesos (US$567.5 million) from 27.1 billion pesos (US$525.1 million)	■ reflecting higher EBITDA driven by strong growth in service revenues ■ lower provision for income tax ■ partly offset by higher cash operating expenses, depreciation and amortization, and higher net financing costs in connection with PLDT's capital expenditure program
Consolidated core net income up 8% to 27.1 billion pesos (US$548.2 million) from 25.1 billion pesos (US$486.9 million)	■ reflecting higher telco core net income ■ partly offset by equity loss from Voyager
Reported net income up 8% to 24.3 billion pesos (US$490.7 million) from 22.5 billion pesos (US$436.7 million)	■ reflecting higher core net income ■ inclusive of a gain from the sale of Smart Tower ■ partly offset by higher manpower rightsizing program expenses, accelerated depreciation related to network transformation, amortization of the Sun trademark, a fair value loss of the investment valuation and a realized loss on sales of Rocket Internet SE shares
Consolidated service revenues (net of interconnection costs) up 9% to 171.5 billion pesos (US$3.5 billion) from 157.7 billion pesos (US$3.1 billion)	■ reached an all-time high, reflecting sustained year-on-year increases in the Individual, Enterprise and Home business segments ■ strong growth in mobile data and home broadband revenues ■ partly offset by lower revenues from the International and Carrier business ■ Individual, Home and Enterprise service revenues grew 15%, 11% and 5%, respectively, and accounted for 48%, 24% and 24% of consolidated service revenues, respectively ■ data and broadband remained main growth drivers, with combined revenues up 18% and representing 73% (2019: 67%) of consolidated service revenues
EBITDA up 8% to 86.2 billion pesos (US$1.7 billion) from 79.8 billion pesos (US$1.5 billion)	■ reflecting higher service revenues ■ partly offset by higher cash operating expenses
EBITDA margin to 50% from 49%	■ mainly due to higher EBITDA ■ wireless and fixed line EBITDA margin to 61% and 34% from 58% and 38%, respectively

Capital Expenditures

Over the past 10 years, PLDT invested approximately 460.7 billion pesos (US$9.6 billion) in capital expenditures to expand the reach and capacity of its network infrastructure and transform its IT platforms. These investments have enabled PLDT to deliver superior customer experience across all of its business segments and lift its market share in every market it serves.

PLDT operates the Philippines' largest and fully integrated fixed and wireless network, enabling it to absorb a substantial surge in demand for data during the pandemic with no consequences for customer experience, testifying to the value of its investments in network capacity, coverage and resiliency over the years.

The superior quality of the PLDT network has been recognized by various third party surveys. Ookla's latest report again recognized PLDT and Smart's fixed and mobile networks as the fastest in the Philippines. Open Signal's latest country report announced that Smart's 4G availability, video experience, and download and upload speeds continues to outperform other service providers in the Philippines.

In 2020, capital expenditures amounted to 71.9 billion pesos (US$1.5 billion) focused mainly on network upgrades and technology-related expansions such as last-mile and equipment for customer premises for the home broadband business, all in the service of superior customer experience.

Despite the challenges of limited mobility, total homes passed by PLDT's fixed-line fiber optic network rose 25% to 9 million, port capacity rose 16% to 4.1 million, and the fiber footprint expanded by 33% to 429.3 thousand cable kilometers from end-2019 levels. On the wireless network, the number of Smart 5G base stations reached 489, LTE base stations increased 23% to over 30,200, while the number of 3G base stations increased 18% to 16,200. This brought the total base station count to over 59 thousand, including the 2G base stations. PLDT's 4G and 3G network coverage expanded to reach over 96% of the Philippines' population.

The capital expenditures guidance for 2021 is in the range of 88 billion pesos (US$1.8 billion) to 92 billion pesos (US$1.9 billion), which is demand-driven, covering network capacity expansion and IT platform advancement for supporting growth in mobile data demand, as well as the last mile and customer premises equipment to serve the growing home broadband business. PLDT plans to increase the number of its 5G and 4G base stations by over 3,800 and 4,000, respectively, to increase port capacity by over 1.7 million and to lay an additional 125,000 kilometers of fiber optic network in 2021.

Debt Profile

On 23 June 2020, PLDT issued US$600 million of dual tranche Senior Unsecured Notes ("the Notes"). The first tranche of US$300.0 million long 10-year Notes have a 2.5% coupon and the second tranche of US$300.0 million 30-year Notes have a 3.45% coupon. The Notes were 17 times oversubscribed in an issuance that was recognized by International Financing Review as the Philippines' Capital Deal of the Year. It is the first-ever 30-year offering from a corporate in the Philippines. The issuance of the Notes extended PLDT's debt maturity profile, with 56% of the total debt now due to mature after 2025.

As at 31 December 2020, PLDT's consolidated net debt was US$3.8 billion while net debt-to-EBITDA was at 2.05 times. Total gross debt stood at US$4.7 billion, of which 19% was denominated in U.S. dollars. Only 6% of the total debt was unhedged after taking into account available U.S. dollar cash on hand and currency hedges allocated for debt. After interest rate swaps, 86% of the total debt are fixed-rate borrowings. The average pre-tax interest cost for the full year declined to 4.66% from 4.8%.

As at the end of December 2020, PLDT's credit ratings remained at investment grade at S&P Global and Moody's, the international credit rating agencies.

Dividends

PLDT's dividend policy is to pay 60% of its telco core net income to shareholders. On 4 March 2021, the PLDT Board of Directors approved a final regular cash dividend of 40 pesos (US$0.83) (2019: 39 pesos (US$0.77)) per share payable on 6 April 2021 to shareholders on record as of 18 March 2021. Together with the interim dividend of 38 pesos (US$0.76) per share paid on 4 September 2020, total dividends for 2020 amounted to 78 pesos (US$1.59) (2019: 75 pesos (US$1.47)) per share.

Service Revenues by Business Segment

Data and broadband services continued to drive revenue growth in 2020, rising 18% to 124.5 billion pesos (US$2.5 billion), led by 29% and 16% revenue increases in mobile internet and home broadband to 62.2 billion pesos (US$1.3 billion) and 33.0 billion pesos (US$666.8 million), respectively. The corporate data and ICT businesses recorded 2% and 3% revenue growth to 20.8 billion pesos (US$420.3 million) and 4.2 billion pesos (US$84.9 million), respectively.

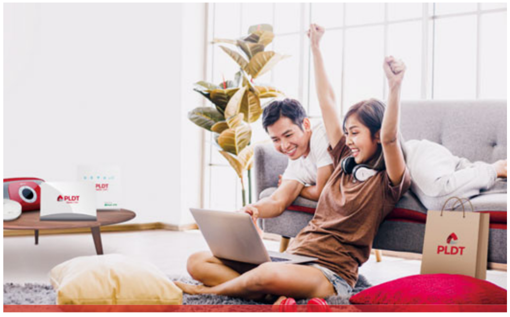
Growth in the Individual business continued, primarily reflecting strong demand for wireless data, particularly during the quarantine period. This resulted from a combination of higher usage of data including access to video, gaming and social media, simplified product offerings designed to address customer passion points, marketing promotions and content enrichment through partnerships, growth in digital productivity requirements from work – and study-from-home arrangements, expansion of distribution channels through digital platforms, and increased smartphone ownership.

The increase was supported by Smart's data network and product offers such as, *GigaWork*, *GigaStudy*, *Giga K-Video*, *GigaLife* and more. Average daily top-ups for 2020 rose 18% to an all-time high. 78% of handsets on the network are smartphones and over half of its subscribers are regular data users.

Individual service revenues for 2020 rose 15% to 82.7 billion pesos (US$1.7 billion) of which 75% (2019: 69%) were data revenues. Mobile data traffic volume rose 79% to 2,881 Petabytes from 2019.

The PLDT group's combined wireless subscriber base reached 72.9 million as at the end of December 2020.

The pandemic accelerated the awareness and adoption of digital payments and e-commerce, providing the group, through Voyager, an opportunity to expand its role as a key player in enabling end-to-end cashless solutions.



Home service revenues rose 11% to 41.4 billion pesos (US$836.5 million) reflecting unprecedented demand for home broadband services driven by work-from-home arrangements, e-learning and e-entertainment, and improved installation capabilities. Data and broadband accounted for 80% (2019: 77%) of Home service revenues.

Compared to the end of 2019, PLDT's total fixed line and broadband subscribers rose 10% and 43% respectively to 3.0 million and 3.1 million. Among the net additions of 928,634 broadband subscribers during 2020, 342,269 were fixed broadband and 586,365 were fixed wireless broadband customers.

The home broadband market penetration in the Philippines remains relatively low. PLDT's network advantage in terms of quality, breadth, and the acceleration of installation capability allows its services to reach previously unserved people.

Enterprise service revenues rose 5% to 41.2 billion pesos (US$832.5 million) in 2020, reflecting the acceleration in demand for digital transformation services from corporates and small and medium-sized enterprises, the importance of which was highlighted by the community quarantine. Growth was driven by higher demand from wireless and information and technology services as more companies adopted work-from-home arrangements. Data and broadband accounted for 70% (2019: 67%) of Enterprise service revenues.

The challenges of the pandemic opened new opportunities for innovative solutions and services and accelerated the pace of digital adoption. Enterprise teams are actively pursuing additional business in the areas of e-learning, telemedicine, e-commerce, and telecommuting through its fixed, wireless, and information and technology pillars. Increased interest in data centers from hyperscalers is also a growth area under exploration.

Outlook

PLDT is optimistic that it will see continuing strong growth across all three main customer segments of Individual, Home and Enterprise in 2021 underpinned by unabated demand for data and broadband. To support this, PLDT has earmarked 88-92 billion pesos in capital expenditures to continue expanding data capacity, coverage, and network resilience to deliver superior customer experience and maintain network leadership. PLDT's strong integrated network advantage is key to defending its market leadership against challengers in the mobile and home broadband spaces. Telco core income is expected to rise to 29-30 billion pesos in 2021. If all goes as planned, PLDT is prepared to consider a 5% special dividend payout on 2021 earnings in addition to the regular payout ratio of 60% of telco core income.

METRO PACIFIC INVESTMENTS

PROFIT CONTRIBUTION

US$ **84.8** million

The financial and operational performance of MPIC group was adversely impacted by quarantine measures implemented since March 2020 imposed by the Philippine Government in response to the COVID-19 outbreak. The measures reduced toll road traffic, decreased commercial and industrial demand for water and power, involved mandated suspension and subsequent reduction in ridership capacity for its light rail services, and resulting in a lower contribution from operations. MPIC directed its focus towards service continuity throughout the pandemic. It also prioritized preservation of the balance sheet and optimization of capital allocation as evidenced by asset monetization via the partial sell-down of Light Rail Manila Corporation ("LRMC") and the sale of Global Business Power Corporation ("GBPC") in the Philippines, and Don Muang Tollway Public Company Limited ("DMT") in Thailand.

By powering industry, commerce and households, delivering clean and affordable water, connecting people and places, and making excellent healthcare available to everyone, MPIC is doing its part in contributing to national progress and improving the quality of life of the Filipino people.

MPIC's contribution to the Group declined 33% to US$84.8 million (2019: US$126.8 million), reflecting lower core net income.

Consolidated core net income down 34% to 10.2 billion pesos (US$206.9 million) from 15.6 billion pesos (US$302.5 million)	■ reflecting the impacts of limited mobility and economic contraction following the implementation of quarantine measures ■ power, water and toll roads businesses remained profitable, accounting for 69%, 20% and 16%, respectively, of the consolidated profit contribution to MPIC, while a negative contribution of 5% was recorded from other businesses ■ partly offset by lower MPIC head office net interest expense driven by debt reduction and refinancing ■ a 9% decrease in contribution from the power business to 10.5 billion pesos (US$213.1 million) due to lower commercial and industrial power demand ■ a 14% decline in contribution from the water business to 3.1 billion pesos (US$62.3 million) reflecting a lower average tariff, and lower demand from commercial and industrial customers ■ a 53% decline in contribution from the toll roads business to 2.4 billion pesos (US$49.4 million) reflecting a substantial fall in traffic volumes caused by mobility restrictions ■ a net loss of 709 million pesos (US$14.3 million) from light rail and other businesses, versus a net profit contribution of 515 million pesos (US$10.0 million) in 2019, reflecting a substantial decline in service demand caused by the pandemic. For hospitals, in-patient admissions and out-patient visits dropped 46% and 36%, respectively. The average daily ridership of the light rail business declined 58% during the operating periods due to mandated operating capacity limitations
Consolidated reported net income down 80% to 4.7 billion pesos (US$95.9 million) from 23.9 billion pesos (US$462.6 million)	■ reflecting lower core net income ■ impairment provisions for various investments/assets, while it was a non-recurring gain of 8.3 billion pesos (US$160.1 million) in 2019 mainly due to the divestment of hospitals business
Consolidated revenues down 17% to 40.9 billion pesos (US$825.5 million) from 49.3 billion pesos (US$955.5 million) (restated)	■ reflecting lower revenues recorded across all businesses

Debt Profile

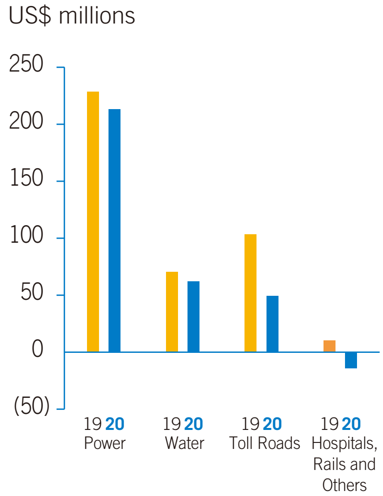
As at 31 December 2020, MPIC's consolidated debt declined 7% to 231.4 billion pesos (US$4.8 billion) from 249.9 billion pesos (US$4.9 billion) as at 31 December 2019 mainly reflecting reclassification of 28.5 billion pesos (US$593.9 million) of GBPC's debt to liabilities included within a disposal group and debt reduction exercise at MPIC head office level. Of the total, 92% was denominated in pesos. Fixed-rate borrowings accounted for 90% of the total, the average interest rate was approximately 6.14% and debt maturity ranged from 2021 to 2037.

Capital Management

Dividends

MPIC's Board of Directors declared a final regular cash dividend of 0.0481 peso (U.S. 0.10 cent) per share and a special cash dividend of 0.0279 peso (U.S. 0.06 cent) per share, both to be paid on 31 March 2021 to shareholders on record as of 18 March 2021. Together with the interim dividend of 0.0345 peso (U.S. 0.07 cent) per share paid on 3 September 2020, total dividends for 2020 amounted to 0.1105 peso (U.S. 0.23 cent) per share. It represented a record high dividend payout ratio of 33% (2019: 22%) of core net income per share despite the ongoing pandemic.

Contribution from Operations 2020



Share Buyback Programs

For the purpose of enhancing shareholder value and strengthening shareholders' confidence in MPIC's prospects, on 26 February 2020, MPIC's Board of Directors approved a share buyback program of up to 5.0 billion pesos (US$101.0 million) for a three-month period ended 26 May 2020. Under this program, MPIC bought back a total of 213.5 million shares from the open market at a total cost of 706 million pesos (US$14.3 million).

On 1 October 2020, MPIC's Board of Directors approved a new share buyback program of up to 5.0 billion pesos (US$101.0 million) which is valid until the total amount is being utilized or until otherwise determined by MPIC's Board of Directors. By 29 March 2021, MPIC had bought back a total of 687.0 million shares from the open market under this program with a total expenditure of 2.7 billion pesos (US$54.9 million).

From 27 February 2020 to 29 March 2021, MPIC bought back a total of 900.5 million shares at a total cost of 3.4 billion pesos (US$69.2 million).

Additional Investment/Divestments

On 8 May 2020, Metro Pacific Tollways Corporation's ("MPTC") wholly-owned subsidiary, CIIF Infrastructure Holdings Sdn. Bhd. ("CIIF") completed the divestment of its 10.32% interest in PT Margautama Nusantara ("MUN") to West Nippon Expressway, Japan Expressway International Co., Ltd., and Japan Overseas Infrastructure Investment Corporation for Transport & Urban Development for a consideration of US$35.2 million. These strategic partners' expertise in toll roads is expected to contribute to the improvement of MUN's operational efficiencies.

On 28 May 2020, MPIC completed the divestment of approximately 34.9% interest in Metro Pacific Light Rail Corporation ("MPLRC") to Sumitomo Corporation for a consideration of approximately 3.0 billion pesos (US$61.5 million). Following the transaction, MPIC's interest in MPLRC decreased to approximately 65.1% and its effective economic interest in LRMC decreased to approximately 35.8% from 55%. MPLRC has an aggregate 55% interest in LRMC which is the operator of Light Rail Transit 1 ("LRT1").

On 29 January 2021, KM Infrastructure Holdings, Inc. ("KMIH"), a 50:50 joint venture between Keppel Infrastructure Fund Management Pte. Ltd. ("KIT") and MPIC, completed the acquisition of a 100% interest in Philippine Tank Storage International Holdings Inc. ("PTSI") from Philippine Investment Alliance for Infrastructure for a consideration of approximately US$333.8 million. PTSI wholly owns Philippine Coastal Storage and Pipeline Corporation, the largest independent petroleum product storage facility and import terminal in the Philippines, located in the Subic Bay Freeport Zone. The equity investment of MPIC in a 50% interest in KMIH amounted to approximately US$143 million. KIT, MPIC and KMIH also entered into a shareholders' agreement for the purpose of regulating the management of the business of PTSI and the relationship between shareholders. KIT and MPIC shall enjoy equal voting rights and bear equal obligations in respect of PTSI's business. The shareholders' agreement includes a non-competition provision under which each shareholder of KMIH must refer any new business opportunity within PTSI group's agreed scope of business (owning, operating and maintaining petroleum, oil products or liquid chemicals storage facilities in the Philippines) to KMIH, and may only pursue such opportunity independently if the board of KMIH does not approve such new opportunity within a specified period and the referring shareholder's nominated directors on KMIH board have voted in favor of KMIH pursuing such new opportunity.

On 19 February 2021, MPTC completed the disposal of its entire approximately 29.45% indirect interest in DMT to a group of investors in Thailand for a consideration of approximately US$149.3 million.

On 2 March 2021, First Pacific's shareholders approved MPIC's wholly-owned indirect subsidiary Beacon PowerGen Holdings Inc. ("Beacon PowerGen") to dispose approximately 56% interest in GBPC for a consideration of 22.4 billion pesos (US$466.6 million) to Meralco PowerGen Corporation ("MGen"). The transaction is expected to be completed by the end of March 2021. 60% of the consideration to be received on the completion date, with the remaining 40% to be received in two equal installments on the dates falling six months and eighteen months after the completion date, respectively. The strategy of the transaction is to unify power distribution and generation assets under Manila Electric Company ("Meralco").

Power

During the year, Meralco further strengthened its provision of stable electricity supply in its franchise area, supporting the community and the government's fight against the pandemic while prioritizing serving its customers and keeping its workforce safe and healthy. To ease financial pressures caused by the pandemic, Meralco offered a wide range of payment relief measures to customers, including the suspension of disconnection activities for non-payment of bills, refund of certain reading charges and offering interest-free installment payments.

The volume of electricity sold declined 7% to 43,572 gigawatt hours, reflecting a 20% fall in commercial sales volume, an 11% decline in industrial sales volume, and a 13% increase in residential sales volume with more people working and studying from or staying at home. Residential, commercial and industrial sales volumes accounted for 38%, 34% and 28% of the total sales volume, respectively.

Revenues declined 14% to 275.3 billion pesos (US$5.6 billion) reflecting lower energy sales volume and lower pass-through fuel charges. The number of billed customers rose 4% to 7.1 million in 2020.

Capital expenditure rose 3% to 20.8 billion pesos (US$421.0 million) primarily for adding new connections, asset renewals and capacity expansion.

Meralco is adopting to the new normal in the Philippines and preparing for economic recovery through its continuing investment in the power system. It also provides personal protective equipment and COVID-19 testing for its 5,700 work force and other support.

At GBPC, revenues fell 13% to 21.1 billion pesos (US$425.7 million) reflecting lower pass-through fuel charges despite a 2% increase in the volume of energy sold rose to 4,929 gigawatt hours. Capital expenditure fell 48% to 370 million pesos (US$7.5 million) following the completion of various land and building improvements in 2019.

Energy from Waste

Construction continues for the Surallah and Polomolok waste-to-energy biogas plants for Dole Philippines after securing authority from the local government to resume work with the plants slated for completion by year-end 2021. Under Japan's Joint Credit Mechanism Program for carbon reduction, this project was granted a 50% capital expenditure subsidy through cash distributions which are expected in 2021 and 2022 from Japan's Ministry of the Environment.

MetPower Venture Partners Holdings, Inc., a wholly-owned subsidiary of MPIC, is investing in a carbon dioxide recovery facility, co-located at the Polomolok site, which is expected to become Mindanao's first indigenous source of food-grade carbon dioxide.

Water

Maynilad Water Services, Inc. ("Maynilad") is the biggest water utility in the Philippines, operating a concession for water distribution and sewerage and sanitation services for the West Zone of Metro Manila.

In 2020, Maynilad's average non-revenue water measured at the District Metered Area improved further to 26.1% from 26.4% in 2019. Revenues decreased 4% to 22.9 billion pesos (US$463.5 million) reflecting a lower average tariff. Higher residential consumption at a lower average tariff partly offset lower commercial and industrial demand.

Maynilad's 24-hour water coverage improved to 98% in 2020 from 59% a year earlier following improvement in the water supply. Capital expenditure declined 37% to 7.8 billion pesos (US$157.6 million) in the year, mainly owing to movement restriction brought by the pandemic.

MetroPac Water Investments Corporation ("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. ("MPDW") in the Philippines, and in BOO Phu Ninh Water Treatment Plant Joint Stock Company ("PNW") in Vietnam.

In 2020, MPW's revenues rose 14% to 1.5 billion pesos (US$30.3 million), reflecting higher billed volumes across its businesses. Capital expenditure fell 56% to 0.4 billion pesos (US$8.1 million) as certain project activities were delayed due to quarantine measures in the Philippines.

Toll Roads

MPTC operates the North Luzon Expressway ("NLEX"), the Manila-Cavitex Toll Expressway ("CAVITEX"), the Subic Clark Tarlac Expressway ("SCTEX") and the Cavite-Laguna Expressway ("CALAX") in the Philippines and is a shareholder in PT Nusantara Infrastructure Tbk ("PT Nusantara") in Indonesia, CII Bridges and Roads Investment Joint Stock Company in Vietnam, and until 19 February 2021 in DMT in Thailand.

In 2020, MPTC's revenues fell 27% to 13.6 billion pesos (US$274.1 million) reflecting reduced traffic on most of its toll roads due to mobility restrictions during quarantine periods.

Average daily vehicle entries on MPTC's toll roads decreased 27% to 689,287, reflecting a decline of 28% to 388,820 in the Philippines and a 26% fall to 300,467 for regional toll roads.

Capital expenditure was down 11% to 23.3 billion pesos (US$470.8 million) mainly reflecting delay in road projects owing to the pandemic. Despite such challenges, MPTC completed construction and introduced into full commercial operation the first sub-section of CALAX and opened an additional section of the NLEX Harbour Link.

In the Philippines, MPTC plans to spend approximately 125.2 billion pesos (US$2.6 billion) on projects for the NLEX-SLEX Connector Road ("Connector Road"), the Cebu Cordova Link Expressway ("CCLEX"), additional segments of CAVITEX, CALAX, NLEX Citi Link and others, with a total length of 72.1 kilometers and expected completion between 2021 and 2023.

MPTC is also enhancing and expanding its electronic toll collection systems to allow for the full implementation of cashless payment systems on its toll roads.

In the region, Pettarani toll road in Indonesia and the Hanoi highway in Vietnam are expected to commence commercial operation in the first half of 2021.

Light Rail

LRMC's farebox revenues fell 62% to 1.3 billion pesos (US$25.5 million) reflecting a 58% decrease in average daily ridership to 186,021 passengers during operating periods due to compulsory operating capacity limitations. LRT1's operations were suspended in two periods in 2020 for a total of 91 days. In compliance with regulatory guidelines, the operations of LRT1 was limited to 13% of capacity after services resumed in June and August in 2020, and gradually increased to 30% from October 2020.

During the year, LRMC's capital expenditure fell 53% to 3.9 billion pesos (US$78.8 million), and was spent mainly on the rehabilitation of the train system, structural repairs and improvements, and the construction of LRT1's Cavite Extension.

Healthcare

The healthcare sector is facing enormous challenges during the COVID-19 pandemic. Revenues decreased 7% to 14.8 billion pesos (US$299.1 million) reflecting limited clinic operations and deferral of non-critical medical treatments. Inpatient admissions fell 46% to 106,546 while outpatient visits were down 36% to 2,501,698. Despite these challenges, MPHHI remained profitable and is currently increasing COVID-19 testing capacity and available beds.

Outlook

MPIC's businesses began to gradually recover from the third quarter of 2020 and expect revenues and earnings to continue improving in 2021. The domestic toll roads business will return to growth and organic expansion as ongoing construction projects result in new roads to meet growing demand for smooth road transport. Meralco's electricity distribution business is expected to see a rebalancing of demand as industrial and commercial demand both rise and residential demand declines as a share of the total supply distributed. The electricity generation business under MGen will benefit from increased demand for electricity as the Philippine economy returns to growth. Maynilad expects resolution of its tariff regime to result in stable earnings while other water businesses foresee continuing growth in billed volumes.

PHILEX MINING
CORPORATION

PROFIT CONTRIBUTION

US$ **8.0** million

As an export-oriented enterprise, Philex was permitted by both local and national government agencies to continue operating the Padcal mine during the COVID-19 related community quarantine in the Philippines that started in March 2020.

The pandemic has proven Philex's flexibility to adapt to change and continue delivering its commitments to its customers. The community quarantine slightly disrupted the flow of critical materials and supplies and was resolved through the acquisition of alternative suppliers, and the flow returned to normal from early April 2020. Since then Philex has adjusted its supply chain model to secure the flow of materials and supplies for the operation of the Padcal mine and its milling facilities.

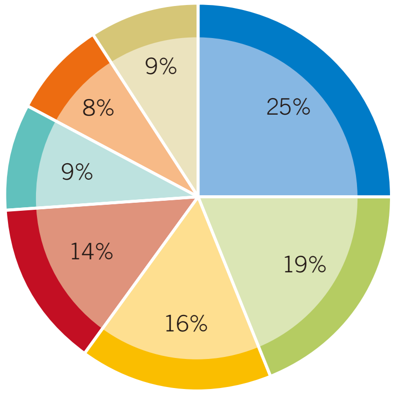
For the protection of its employees and their family members' health and financial wellbeing, Philex has been implementing strict measures at its head office and at the Padcal mine site in compliance with the government's quarantine guidelines. Among them are limited curfew hours, the wearing of face masks, social distancing at workplaces and residential quarters, and the establishment of a quarantine facility for taking care of employees infected by COVID-19. Padcal mine's underground operations were suspended for a three-day period in October 2020 for a mass COVID-19 testing of miners and to contain the virus from local transmission.

Philex's contribution to the Group rose eight-fold to US$8.0 million (2019: US$1.0 million), reflecting higher average realized metal prices and higher volumes of production as a result of higher ore grades, partly offset by lower tonnage mined and milled.

In 2020, the average realized price of gold rose 27% to US$1,757 per ounce while the price of copper increased 6% to US$2.87 per pound.

Total ore milled declined 3% to 7.8 million tonnes. The average gold grade rose 7% to 0.283 grams per tonne (2019: 0.264 grams per tonne) and the average copper grade improved 6% to 0.187% (2019: 0.177%). As a result, gold production increased 6% to 56,000 ounces and copper production rose 2% to 26.4 million pounds, resulting in higher volumes of metal sold.

Operating Cost Per Tonne of Ore Milled 2020



	Pesos
Materials & supplies	213
Depreciation & amortization	160
Power	136
Labor	115
Smelting charges	79
Excise tax and royalties	69
Others	74
Total	**846**

Core net income up 645% to 1.2 billion pesos (US$23.5 million) from 156 million pesos (US$3.0 million)	■ reflecting higher revenue ■ lower operating costs
Net income of 1.2 billion pesos (US$24.8 million) versus net loss of 648 million pesos (US$12.6 million)	■ reflecting the substantial improvement of core net income ■ 2019 net loss mainly due to the impairment provision for Padcal mine assets
Revenue (net of smelting charges) up 15% to 7.8 billion pesos (US$158.3 million) from 6.8 billion pesos (US$131.7 million)	■ reflecting higher realized metal prices ■ higher metal output resulting from higher ore grades ■ partly offset by lower tonnage ■ revenues from gold, copper and silver contributed 57%, 42% and 1% of the total, respectively

EBITDA up 62% to 2.7 billion pesos (US$54.6 million) from 1.7 billion pesos (US$32.3 million)	■ reflecting higher revenue
Operating cost per tonne of ore milled down 1% to 846 pesos (US$17.1) from 852 pesos (US$16.5)	■ reflecting improvement in operational efficiencies and prudent cost management ■ lower costs for materials and supplies, power and purchase contracts ■ partly offset by higher excise tax and royalties due to higher revenue and labour costs
Capital expenditure (including exploration costs) down 30% to 1.2 billion pesos (US$24.4 million) from 1.7 billion pesos (US$33.0 million)	■ reflecting the slowdown in mine development and schedule of special projects at Padcal mine due to supply disruptions in relation to COVID-19, which affected the delivery of machinery and equipment ordered

The mine life of Philex's major operating mining asset, Padcal mine, is projected to end in 2022. However, Philex is exploring opportunities to sustain and maximize the potential of the Padcal mine operations and is pursuing a search for additional mining assets to develop within or in the vicinity of the Padcal mine area.

Debt Profile

As at 31 December 2020, Philex had 10.0 billion pesos (US$207.4 million) of borrowings, comprising bonds and short-term bank loans. Short-term bank loans declined 30% to 1.8 billion pesos (US$37.0 million) from year-end 2019. The average interest cost was approximately 3.5%.

Dividend

Philex's Board of Directors declared a final dividend of 0.059 peso (U.S. 0.12 cent) per share payable on 26 March 2021 to shareholders on record as at 24 February 2021, representing a payout ratio of 25% of core net income.

Silangan Project

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

On 7 December 2020, the Department of Environment and Natural Resources ("DENR") approved the renewal of the Mineral Production Sharing Agreement for Silangan Mindanao Mining Co., Inc. ("SMMCI") for an additional 25 years to be commenced from 29 December 2024 with the same terms and conditions. SMMCI is a wholly-owned subsidiary of Philex and is the holding company for the Silangan Project.

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.

Philex is still pursuing the completion of feasibility studies for the Bayugo-Silangan and Bayugo-Kalayaan deposits, the second phase of the Silangan Project, as focus is directed to the search for a strategic partner for the project.

The earn-in-period in the Kalayaan Copper-Gold Resources, Inc. ("KCGRI") farm-in agreement ended on 11 May 2021 and was renewed on 17 December 2020 for another two years to 11 May 2023 by Philex and Manila Mining Corporation. KCGRI holds the rights to develop the Bayugo-Kalayaan deposits.

The project is fully compliant with all existing regulations and is ready for development and related construction once a strategic partner is identified.

PXP

In 2020, petroleum revenue declined 58% to 30 million pesos (US$0.6 million) (2019: 72 million pesos (US$1.4 million)) reflecting a 24% decrease in liftings to 750,506 barrels (2019: 993,761 barrels) and a 40% drop in average crude oil sale prices. During the year, output declined 7% to 695,247 barrels following a normal rate of decline in production at the Galoc oil field. Costs and expenses fell 48% to 99 million pesos (US$2.0 million) (2019: 191 million pesos (US$3.7 million)), reflecting lower depletion and oil production costs in Galoc, lower overhead and the absence of plug and abandonment costs for the Nido wells in 2019.

PXP's core net loss declined 43% to 46 million pesos (US$0.9 million) from 80 million pesos (US$1.5 million), while reported net loss declined 74% to 76 million pesos (US$1.5 million) from 297 million pesos (US$5.8 million), reflecting a higher provision for impairment of the Galoc oil field made in 2019 and a decline in cost and expenses, partly offset by lower oil revenues.

SC 72

Forum Energy Limited ("FEL"), a subsidiary of PXP, holds a 70% interest in SC72, which covers an area of 8,800 square kilometers in the West Philippine Sea. Its second Sub-Phase ("SP") of exploration activities was suspended due to a Force Majeure since 15 December 2014, which was lifted by the Philippine Department of Energy ("DOE") on 14 October 2020. FEL is required to drill a minimum of two wells as part of its work commitment under SP 2 of SC 72 in a 20-month period starting from 14 October 2020.

On 10 February 2021, the DOE approved the work program and budget to be conducted from 2021 until the first half of 2022.

FEL commissioned an Australia-based geophysical contractor to reprocess the 3D dataset (565 square kilometers) over the Sampaguita Field, using broadband Pre-Stack Depth Migration ("PSDM"). The reprocessing commenced in October 2018 and was completed in June 2019. This was followed by an interpretation of the newly reprocessed seismic data and the formulation of an appraisal program for the Sampaguita Field, the results of which are expected to be available in the first half of 2021.

SC 74

At SC 74 Linapacan Block, several geological and geophysical studies are ongoing as part of the work commitment under SP 3 which will expire on 13 September 2021.

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, and PXP completed a Quantitative Interpretation ("QI") study over a 400 square kilometer 3D area that includes a number of old wells. PXP's in-house seismic interpretation of the 3D seismic data incorporating the results of the QI study and the final report on biostratigraphy and geochemistry study are expected to be completed in the first half of 2021. Upon completion of the geological and geophysical studies, an offshore and onshore data integration and prospects generation will subsequently commence in late March 2021.

SC 75

At SC 75 Northwest Palawan block, all exploration activities have been suspended since 27 December 2015 due to the imposed Force Majeure until its lifting by the DOE on 14 October 2020.

A work program for 2021, includes the acquisition of at least 1,000 square kilometers of 3D seismic data later this year, was submitted to the DOE in December 2020 and approval has not yet been received.

Peru Block Z-38

Peru Block Z-38 is a joint venture project between Pitkin Petroleum Limited (“Pitkin”), Karoon Energy Ltd (“Karoon”, formerly Karoon Gas Australia Ltd) and Tullow Oil Plc. (UK) (“Tullow”). The initial economic interests of Pitkin, Tullow and Karoon in Peru Block Z-38 were 25%, 35% and 40%, respectively. Following the withdrawal of Tullow from the joint venture project effective 31 December 2020, Karoon’s economic interest in Peru Block Z-38 increased to 75% from 40%. Pitkin is not required to share the drilling cost of the remaining well under a farm-in agreement signed with Karoon in 2009.

The block is under the Third Exploration Period (“EP”). Drilling of exploratory well Marina-1X was completed in February 2020. The well encountered thin water bearing sands with no oil and only minor gas shows, and indicated that there is no prospectivity at this location. The post-well analysis of results and the reprocessing of vintage 2D seismic data were completed in the fourth quarter of 2020. The Peruvian authorities have extended the expiration of the Third EP to 27 July 2021 from 27 November 2020 due to COVID-19.

The assessment of the development prospects of Block Z-38 is ongoing. Karoon has until June 2021 to decide whether to proceed to the Fourth EP.

Outlook

Philex will continue to focus on optimizing the contribution from the Padcal mine while actively pursuing a strategic business partner to develop its Silangan Project. The favourable trend in gold and copper prices continues to drive positive financial results at Philex. Philex is continuously adjusting its mining plan to maximize metal output. Exploratory drilling works have been completed around the periphery of the Sto. Tomas ore body and Philex is finalizing a technical and financial study for the possible extension of the Padcal’s mine life beyond 2022.

FPM Power / PacificLight

SHARE OF LOSS

US$ **2.5** million

Singapore implemented circuit breaker measures for COVID-19 on 7 April 2020, which were progressively lifted from 2 June 2020. Electricity demand increased in the second half of the year with the gradual resumption of economic activity. This limited to overall decline in electricity demand to 2.5% for the full year. The volume of PLP's electricity generation reflected the national trend as generation in the second half of 2020 outpaced the first half by 32%.

Most employees apart from critical frontline officers continued to work from home. Online services were strengthened to meet the needs of business as the retail arm of PLP was accredited the Data Protection Trustmark to assure the protection of customers' personal data.

First Pacific's share of PLP's loss narrowed to US$2.5 million (2019: US$10.5 million) in 2020, reflecting a lower core net loss at PLP.

PLP is one of the most efficient power plants in Singapore. In 2020, the plant's system availability remained high at 96.7% (2019: 97.8%) in spite of scheduled maintenance work in February. The heat rate was slightly higher than the target level due to a lower level of generation. The plant remained highly reliable despite Unit 10 recording its first incident of operational forced outage since May 2016; Unit 20 has had no operational forced outage since March 2017.

In 2020, the volume of electricity sold declined 3% to 4,942 gigawatt hours (2019: 5,102 gigawatt hours), of which 86% (2019: 92%) was for contracted sales and vesting contracts, and the remaining 14% (2019: 8%) was for pool market sales. PLP's generation market share for the year was approximately 9% (2019: 9%).

Core net loss down 44% to S$33.6 million (US$24.4 million) from S$60.5 million (US$44.4 million)	■ reflecting higher non-fuel margin from electricity sales ■ lower interest and marketing expenses ■ partly offset by a lower reversal of provision for onerous contracts and higher maintenance expenses
Net loss down 1% to S$81.0 million (US$58.8 million) from S$81.6 million (US$59.9 million)	■ reflecting a lower core net loss ■ a higher foreign exchange gain on U.S. dollar-denominated shareholders' loans ■ partly offset by higher non-recurring losses
Revenues down 19% to S$786.3 million (US$571.0 million) from S$972.4 million (US$713.4 million)	■ reflecting lower average selling price per unit of electricity as a result of low oil prices ■ lower sales volume associated with the circuit breaker measures
Operating expenses down 4% to S$23.4 million (US$17.0 million) from S$24.4 million (US$17.9 million)	■ reflecting lower marketing expenses ■ partly offset by lower other income and higher staff benefit
EBITDA up 171% to S$11.4 million (US$8.3 million) from S$4.2 million (US$3.1 million)	■ reflecting improvement in non-fuel margin for electricity sales

Debt Profile

In October 2020, PLP completed the refinancing of S$613.0 million (US$445.2 million) of term loans, with maturity extended to December 2026.

As at 31 December 2020, FPM Power's net debt stood at US$468.4 million while gross debt stood at US$497.0 million. All of the borrowings were floating-rate bank loans.

Outlook

Singapore's economy is forecast to expand by 4% to 6% in 2021 and electricity demand is expected to continue its upward trend along with strong growth in the electricity-hungry data center industry. PLP will continue the optimisation of fuel and operating costs, and leveraging its high efficiency to strengthen its market position.

FP Natural Resources / RHi ROXAS HOLDINGS, INC.

SHARE OF LOSS

US$ **9.9** million

The COVID-19 related community quarantine in the Philippines started in March 2020, limiting personal mobility and business activities. This substantially reduced demand for fuel and ethanol additives and triggered a shutdown of ethanol processing plants, already suffering from higher feedstock costs, four months earlier than planned. While RHI's sugar business units were not significantly impacted by COVID-19, the sugar operations in Batangas were affected by the eruption of the Taal Volcano in January 2020 and a decline in cane availability in the area. This also hampered production of refined sugar due to limited supplies of bagasse.

During the community quarantine period, all employees of the RHI head office (which primarily performs management support functions) performed their functions under work-from-home arrangements. Production plants involving essential food manufacturing and fuel supplies were exempted from the community quarantine and thus remained operational. To maintain operations, RHI's plants employed a skeletal workforce practicing social distancing as mandated by law. In addition, to further limit the number of people physically present at the plants, work-from-home arrangements and shortened working hours were implemented for certain support roles, as ordered by the local government.

Recognizing the need to support government efforts to curtail the spread of virus, RHI Group, as well as in partnership with Tulong Kapatid extended assistance to the government, hospitals and other organizations through the donation of 93,796 litres of 70% alcohol solutions for sterilization purposes.

In 2020, FP Natural Resources' loss widened to US$9.9 million (2019: US$7.2 million), reflecting a higher core loss at RHI.

RHI's sugar production in 2020 (including the 9-month production from La Carlota assets) accounted for approximately 7% of the Philippines' domestic sugar production. Its sugar mill in Batangas has milling capacity of 12,000 tonnes of sugar cane per day and refinery capacity of 18,000 LKg per day (one LKg is equal to one 50-kilogram bag of sugar), and its ethanol plant in San Carlo City has a daily production capacity of approximately 100,000 liters.

In 2020, RHI's sugar business milled 1.7 million tonnes of cane, down 27% from 2019 mainly due to lower production associated with the sale of its sugar mill, ethanol plant and other investment properties in La Carlota, Negros Occidental ("La Carlota assets") on 30 September 2020. It sold 1.4 million LKg (2019: 1.5 million LKg) of raw sugar; 585 thousand LKg (2019: 1.4 million LKg) of refined sugar; and 1 thousand LKg (2019: 213 thousand LKg) of premium raw sugar. Alcohol sales volume declined 35% to 42.3 million liters (2019: 65.0 million liters).

Core net loss up 33% to 1.1 billion pesos (US$21.8 million) from 814 million pesos (US$15.8 million)	■ reflecting a negative alcohol margin associated with higher cost of molasses and lower production and sales volume of alcohol due to community quarantine ■ lower production and sales volume of refined sugar due to decline in cane availability and limited supply of bagasse ■ partly offset by lower operating expenses incurred by the assets sold on 30 September 2020 and lower finance costs
Reported net loss up 141% to 4.1 billion pesos (US$83.3 million) from 1.7 billion pesos (US$32.7 million)	■ reflecting higher core net loss ■ a loss on disposal of La Carlota assets and an impairment provision for goodwill in San Carlos Bioenergy, Inc.

Revenues down 33% to 7.5 billion pesos (US$150.9 million) from 11.2 billion pesos (US$217.4 million)	■ reflecting lower sales volumes of alcohol and sugar products ■ absence of sales generated from La Carlota assets following the disposal on 30 September 2020 ■ partly offset by higher alcohol prices
Operating expenses down 9% to 904 million pesos (US$18.3 million) from 994 million pesos (US$19.3 million)	■ reflecting absence of operating expense incurred by La Carlota assets
EBITDA up 173% to 71 million pesos (US$1.4 million) from 26 million pesos (US$0.5 million)	■ reflecting lower operating expenses, despite lower gross profit
EBITDA margin to 1% from 0.2%	■ reflecting higher EBITDA ■ lower revenue

Asset Disposal

On 30 September 2020, the disposal of La Carlota assets to Universal Robina Corporation for a consideration of 4.9 billion pesos (US$101.0 million) was completed. RHI prepaid its long-term debt and reduced short-term debt by a total of 3.9 billion pesos (US$80.4 million) using the net proceeds.

Debt Profile

As at 31 December 2020, long-term debt of RHI stood at 1.3 billion pesos (US$26.1 million) with maturities up until December 2027 at an annual interest rate of approximately 6.0%. Short-term debt stood at 4.0 billion pesos (US$84.3 million) with an average interest rate of approximately 6.9%.

Outlook

Despite the prevailing uncertainties due to the pandemic, RHI is striving to fast-track recovery and implement a wide-ranging transformation strategy to rebuild its sugar mill and refinery in Batangas, and help the Philippines minimize importation of refined sugar needed by beverage and food manufacturers, while boosting its alcohol business in Negros Occidental and strengthening the agribusiness with more targeted programs to help farmers increase their yields.

Chairman's Letter

Dear fellow shareholders

We had long looked forward to celebrating our 40th anniversary in 2021 with a review of our accomplishments over the years and optimism as we enter our fifth decade. But then, well, you know what happened. We did not expect, instead of honouring our history, to be struggling against a once-a-century COVID-19 pandemic and its social and economic consequences for all of us everywhere.

Yes, we are stronger and wiser for our experience of this difficult year yet we are fewer than we were with every business touched by loss and every family met by hardship. We have endured and now we begin to see the hazy outline of a post-COVID world.

In this world, we see our core holdings of Indofood, PLDT and MPIC continue to grow. We expect rising dividend income from these core businesses. We have reduced our borrowings and the cost of what remains. We have every expectation that our sound liquidity and strengthening finances will enable First Pacific to further improve our balance sheet.

I join our Managing Director in confidence for the future of First Pacific as we look to the medium and long term. Indofood and PLDT operate in very different businesses and have arrived from different directions at the winning combination of cost and quality to win consumer loyalty. MPIC's provision of basic services like electricity, water and roads continues to improve the lives of ever-growing numbers of Filipinos even as it expands its portfolio. It's been a difficult year, but right here and right now, First Pacific is where it wants to be.

Anthoni Salim
Chairman

30 March 2021

Managing Director and Chief Executive Officer's Letter

Dear shareholders,

It's been quite a year, one unlike any we have seen in our lifetimes. However, there is continuity from before this extraordinary period of COVID-19 pandemic to after. First Pacific's businesses remain strong and diversified in Asia, across consumer food products, telecommunications, infrastructure and natural resources, with a broad commitment to earning our income from delivering the products and services that consumers in the growing economies of Asia want. This has been our strength in the 40 years of our existence, and it is our strength now.

Our model sustains us in difficult times when demand is low, and raises our earnings in periods of economic upswing. It has served us well for four decades culminating in 2020 when we delivered earnings growth in spite of a very difficult time.

The First Pacific Group of companies have acquitted themselves well in an extraordinary year. Our operating companies have proved resilient in the face of this unprecedented crisis and our staff and management across the Group have revealed strengths that perhaps many did not know they have. I am proud of all our people and join them in recalling our losses even as we look to the future of a new post-COVID world.

Just last year, Indofood achieved a record top line as strong demand for our Consumer Branded Products was boosted by our acquisition of Pinehill late in the year. PLDT, the highest-quality telecommunications and data services provider in the Philippines, saw its top line raised to a record high by surging demand for data services. MPIC observed a shift in demand for its electricity and water businesses from commerce and industry to residential consumers as COVID-19 community quarantines changed how many Filipinos live and work. Its hospitals business, now 18 hospitals strong, stepped up to lead a response to the pandemic of which I and all of us at First Pacific can only be proud.

Having adapted to the new conditions of a difficult year, our companies are well positioned as First Pacific enters its fifth decade. Indofood is seeing continuing appetite for its high-quality food products as foreign expansion increases its scope for growth. After several years of billion-dollar capital expenditures, PLDT is firmly placed as the largest and highest-quality telecommunications provider in the Philippines. The businesses of MPIC are poised for a return to growth as the end of lockdown reopens transportation and commercial and industrial demand for water and electricity even as it invests in new businesses such as the storage of petroleum products for diversified growth.

I am proud of all our First Pacific people and join them in recalling our losses even as we look to the future of a new post-COVID world. As we look forward, we can be confident that the businesses of First Pacific are well positioned to take advantage of economic growth in our markets. Our 2020 results demonstrate that we are competitive, providing products and services that our customers want as First Pacific marks its 40th anniversary and enters its fifth decade in a position of strength.

As I said to you one year ago, before we had a complete understanding of the difficulties we would face in 2020, I am confident in expecting steady and strong earnings growth in the years ahead. I remain so today.

Manuel V Pangilinan
Managing Director and Chief Executive Officer

30 March 2021

Board of Directors and Senior Executives

Board of Directors

Anthoni Salim

Chairman

Age 71, Mr. Salim graduated from Ewell County Technical College in Surrey, England. He is the President and CEO of the Salim Group, President Director and CEO of PT Indofood Sukses Makmur Tbk and PT Indofood CBP Sukses Makmur Tbk, and holds positions as Commissioner and Director in various companies.

Mr. Salim serves on the Boards of Advisors of several multinational companies. He was a member of the GE International Advisory Board and the International Advisory Board of Allianz SE. Mr. Salim is a member of the Food & Agribusiness Advisory Board of Rabobank Asia and, since 2004 the Asia Business Council.

Mr. Salim has served as a Director of First Pacific since 1981 and assumed the role of Chairman in June 2003.

Manuel V. Pangilinan

Managing Director and Chief Executive Officer

Age 74, Mr. Pangilinan graduated cum laude from the Ateneo de Manila University, with a Bachelor of Arts degree in Economics. He received his MBA degree from the Wharton School at the University of Pennsylvania. In Manila, he worked for Philippine Investment Management Consultants Inc. (PHINMA) in the Philippines, and in Hong Kong with Bancom International Limited and American Express Bank. Thereafter he founded First Pacific in May 1981.

Mr. Pangilinan served as Managing Director of First Pacific since its founding in 1981 until 1999. He was appointed Executive Chairman until June 2003, after which he was named Managing Director and Chief Executive Officer. He holds the positions of President Commissioner of PT Indofood Sukses Makmur Tbk in Indonesia. In the Philippines, Mr. Pangilinan is the Chairman, President and Chief Executive Officer of PLDT Inc. (PLDT), Chairman of Smart Communications, Inc. (Smart), ePLDT, Inc., PLDT Communications and Energy Ventures, Inc., Metro Pacific Investments Corporation (MPIC), Manila Electric Company (Meralco), Global Business Power Corporation, Maynilad Water Services, Inc., Metro Pacific Tollways Corporation, NLEX Corporation, Philex Mining Corporation, PXP Energy Corporation, Landco Pacific Corporation, Medical Doctors, Inc. (Makati Medical Center), Davao Doctors, Inc., Colinas Verdes Corporation (Cardinal Santos Medical Center), Mediaquest Holdings, Inc. and Associated Broadcasting Corporation (TV 5), and the Vice Chairman of Roxas Holdings, Inc.

Christopher H. Young

Executive Director and Chief Financial Officer

In 2006, the Office of the President of the Philippines awarded Mr. Pangilinan the Order of Lakandula, rank of Komandante in recognition of his contributions to the country. He was named Management Man of the Year 2005 by the Management Association of the Philippines. Mr. Pangilinan was awarded the First Honorary Doctorates Degree in Management by Asian Institute of Management in 2016, Honorary Doctorates in Science by Far Eastern University in 2010, in Humanities by Holy Angel University in 2008, by Xavier University in 2007 and by San Beda College in 2002 in the Philippines. He was formerly Chairman of the Board of Trustees of the Ateneo de Manila University and was a member of the Board of Overseers of the Wharton School.

In civic duties, Mr. Pangilinan sits as Chairman of the Philippine Business for Social Progress (PBSP), PLDT-Smart Foundation Inc., One Meralco Foundation Inc., and Co-Chairman of the Philippine Disaster Resilience Foundation (PDRF), and is a Director of the Philippine Business for Education (PBED). He is Chairman of the Board of Trustees of San Beda College, Co-Chairperson of the Board of Trustees of Stratbase Albert del Rosario Institute and the U.S.– Philippine Society.

In sports, Mr. Pangilinan is Chairman of the MVP Sports Foundation, Inc., Chairman Emeritus of the Samahang Basketbol ng Pilipinas and Chairman of the Amateur Boxing Association of the Philippines (ABAP).

Age 63, Mr. Young graduated from Waid Academy in Scotland and received a Master of Arts (Honors) degree in Economics from St. Andrews University.

He is currently a Director of Metro Pacific Investments Corporation, PacificLight Power Pte. Ltd., Roxas Holdings, Inc. and FPM Power Holdings Limited, and a member of the Advisory Board of PLDT Inc. He also serves as Commissioner of PT Indofood Sukses Makmur Tbk and a Trustee of IdeaSpace Foundation, Inc.

Mr. Young worked for PricewaterhouseCoopers in London and Hong Kong from 1979 until 1987, at which time he joined First Pacific in Hong Kong as Group Financial Controller. He joined Metro Pacific Corporation in 1995 as Finance Director, a position he held until he joined PLDT as its Chief Financial Advisor in November 1998. Mr. Young returned to First Pacific in 2015 as Chief Financial Officer and joined the First Pacific Board in August 2017.

Professor Edward K.Y. Chen
GBS, CBE, JP
Independent Non-executive Director

Age 75, educated at the University of Hong Kong and Oxford University, Professor Chen is an Independent Non-executive Director of Wharf Holdings Limited. He has served as President of Lingnan University; Professor and Director of the Centre of Asian Studies of the University of Hong Kong; Chairman of Hong Kong's Consumer Council; as an Executive Councillor of the Hong Kong Government; and as a Legislative Councillor. He is now the Chairman of the HKU SPACE Board of Directors, a Board Director of the Hong Kong Institute for Monetary Research of the Hong Kong Monetary Authority, a Distinguished Fellow of the Hong Kong Institute for the Humanities and Social Sciences at the University of Hong Kong, and Honorary Professor of the Open University of Hong Kong. Professor Chen joined First Pacific's Board in 1993.

Philip Fan Yan Hok
Independent Non-executive Director

Age 71, Mr. Fan holds a Bachelor's Degree in Industrial Engineering, a Master's Degree in Operations Research from Stanford University and a Master's Degree in Management Science from Massachusetts Institute of Technology.

Mr. Fan had been an Executive Director of CITIC Pacific Limited in charge of industrial projects in China. Prior to his retirement as the Executive Director and General Manager of China Everbright International Limited, he made significant contribution to the company's leadership position in the Chinese Waste-to-energy industry.

Mr. Fan is also an Independent Non-executive Director of China Everbright Environment Group Limited (formerly China Everbright International Limited), Hysan Development Company Limited, China Aircraft Leasing Group Holdings Limited and PFC Devices Inc. He joined First Pacific's Board in December 2012.

Madeleine Lee Suh Shin
Independent Non-executive Director

Age 58, Ms. Lee graduated with a Bachelor of Arts Honours in Economics and Accounting from the University of Leeds, UK and a Master of Business Administration from the University of Bradford, UK. She obtained her Chartered Financial Analyst qualification in 1989.

Ms. Lee has spent 35 years in investment management. She worked with the Government of Singapore Investment Corporation, Chase Manhattan, Morgan Grenfell and as Managing Director at Commerzbank Asset Management Asia. In 2002, she was made a Fellow of the Eisenhower Exchange Fellowship. From 2005 to 2007, Ms. Lee was the Deputy Chief Investment Officer of the Investment Office of the National University of Singapore. In 2008, she founded Athenaeum Limited, a boutique investment manager of Asian Pacific funds. The funds business was sold to Azimut Group in 2016. Since 2018, Ms. Lee has started an advisory and consultancy partnership to cater to Asian Family Offices.

Ms. Lee has served on the board of directors of Mapletree Investments Pte Ltd, Aetos Security Pte Ltd and ECICS Holdings of the Temasek Holdings stable of companies. She was on Monetary Authority of Singapore's Financial Sector Review Committee on the Liberalisation of the Stockbroking Industry and the Business Development Review Group for the Merged Exchange.

Ms. Lee currently serves on the Board of The Arts House Ltd, and Singapore Institute of Management. She joined First Pacific's Board in September 2015.

Margaret Leung Ko May Yee
SBS, JP
Independent Non-executive Director

Age 68, Mrs. Leung holds a Bachelor's Degree in Economics, Accounting and Business Administration from the University of Hong Kong. She was the Vice-Chairman and CEO of Hang Seng Bank Limited and Chairman of Hang Seng Bank (China) Limited prior to her retirement on 30 June 2012. Mrs. Leung also held various pivotal positions in HSBC Holdings Plc and The Hongkong and Shanghai Banking Corporation Limited from February 1978 until 30 June 2012. She was the Deputy Chairman and Managing Director of Chong Hing Bank Limited from February 2014 to May 2018. She was also an Independent Non-executive Director of the Hong Kong listed Swire Pacific Limited, Hutchison Whampoa Limited, China Construction Bank Limited, Hong Kong Exchanges and Clearing Limited, and Li & Fung

Limited. Mrs. Leung was the Chairman of the Board of Governors of Hang Seng Management College and Hang Seng School of Commerce until March 2013, and a Member of the Advisory Board and Chairman of the Investment Committee of the Hong Kong Export Credit Insurance Corporation until December 2010.

Mrs. Leung is a council member and Treasurer of the University of Hong Kong, the Vice-Chairman of the Advisory Committee on Arts Development, a member of the Public Service Commission and the Advisory Committee on Post-office Employment for Former Chief Executives and Politically Appointed Officials. She is an Independent Non-executive Director of Sun Hung Kai Properties Limited and Agricultural Bank of China Limited. Mrs. Leung joined First Pacific's Board in December 2012.

Blair C. Pickerell

Independent Non-executive Director

Aged 64, Mr. Pickerell holds a BA degree in Political Science and an MA degree in East Asian Studies from Stanford University and an MBA degree from Harvard Business School.

Mr. Pickerell joined Jardine Matheson Holdings Group in 1984 and held various positions at Jardine Matheson Holdings Group and at Jardine Fleming Holdings, including as Managing Director of Jardine Pacific Limited. In 2003, he joined HSBC Investments (Hong Kong) Limited as the Chief Executive Officer, Asia Pacific. From 2007 to 2010, he served as Managing Director and Chief Executive Officer, Asia of Morgan Stanley Investment Management. Mr. Pickerell joined Nikko Asset Management Group in 2010 as Head of Asia and subsequently served as Chairman, Asia until July 2015. He was an Independent Non-executive Director of Dah Sing Financial Holdings Limited.

He is currently an Independent Director of Principal Financial Group, Inc., and an Independent Non-executive Director of Link Real Estate Investment Trust, Dah Sing Banking Group Limited and Dah Sing Bank, Limited.

Mr. Pickerell is also a member of the Supervisory Committee of Tracker Fund of Hong Kong, Chairman of the Harvard Business School Association of Hong Kong Limited, Strategic Advisor to CreditEase Holdings (HK) Ltd., and a member of the International Advisory Council of the Faculty of Business and Economics of The University of Hong Kong.

Mr. Pickerell joined First Pacific's Board in March 2020.

Tedy Djuhar

Non-executive Director

Age 69, Mr. Djuhar received a Bachelor of Economics degree from the University of New England in Australia. He has also completed the EMBA program at Cheung Kong School of Business Beijing in June 2014. Mr. Djuhar is Vice President Commissioner of PT Indocement Tunggal Prakarsa Tbk, a Director of Pacific Industries and Development Limited and a number of other Indonesian companies. He joined First Pacific's Board in 1981.

Axton Salim

Non-executive Director

Age 41, Mr. Salim obtained a Bachelor of Science degree in Business Administration from the University of Colorado, USA.

Mr. Salim has had wide exposure across various industries and extensive experience in managing companies in the fast-moving consumer goods sector. He has served in various senior positions since joining Indofood Group in 2004. Mr. Salim heads the Dairy Division of PT Indofood Sukses Makmur Tbk ("Indofood") and is concurrently a Director of Indofood and PT Indofood CBP Sukses Makmur Tbk, a Non-Executive Director of Indofood Agri Resources Ltd. and Gallant Venture Ltd., as well as a Commissioner of PT Perusahaan Perkebunan London Sumatra Indonesia Tbk and PT Salim Ivomas Pratama Tbk. He also serves as a Co-Chair of the United Nations Scaling Up Nutrition (SUN) Movement, and has been a Coordinator of the SUN Business Network Indonesia since 2014, as well as an Advisory Board Member of the Nanyang Business School since 2020.

Mr. Salim is the son of Mr. Anthoni Salim. He joined First Pacific's Board in March 2020.

Benny S. Santoso
Non-executive Director

Age 62, Mr. Santoso graduated from Ngee Ann College in Singapore. He serves as a Commissioner of PT Indofood Sukses Makmur Tbk, a President Commissioner of PT Nippon Indosari Corpindo Tbk, a Commissioner of PT Fast Food Indonesia Tbk, a Director of PT Indocement Tunggal Prakarsa Tbk and PT Nusantara Infrastructure, Tbk, and as a member of the Advisory Board of PLDT Inc. He joined First Pacific's Board in 2003.

Senior Executives

Marilyn A. Victorio-Aquino
Associate Director

Age 65, Ms. Aquino was educated at the University of Santo Tomas (A.B.) and University of the Philippines (LL.B., cum laude) and qualified as a barrister in the Philippines in 1981. She joined Sycip Salazar Hernandez and Gatmaitan Law Offices in the Philippines in 1980 where she became a partner in 1989. Ms. Aquino's practice focused on banking, finance and securities, construction and infrastructure, investments, mergers and acquisitions, and mining and natural resources.

Ms. Aquino is the President of First Coconut Manufacturing Inc. and a Director of Philex Mining Corporation, Philex Gold Philippines, Inc., PXP Energy Corporation, Silangan Mindanao Mining Company Inc., Lepanto Consolidated Mining Company and Maynilad Water Services, Inc. She was appointed Chief Legal Counsel of PLDT in December 2018.

Ms. Aquino joined First Pacific in 2012.

Ray C. Espinosa
Associate Director

Age 64, Mr. Espinosa has a Master of Laws degree from the University of Michigan Law School and is a member of the Integrated Bar of the Philippines. He was a partner of SyCip Salazar Hernandez & Gatmaitan from 1982 to 2000, a foreign associate at Covington and Burling (Washington, D.C., USA) from 1987 to 1988, and a law lecturer at the Ateneo de Manila School of Law from 1983 to 1985 and 1989.

Mr. Espinosa is the President and Chief Executive Officer of Manila Electric Company (Meralco), a Director of PLDT Inc. (PLDT), Smart Communications, Inc., Roxas Holdings, Inc., Metro Pacific Investments Corporation, Meralco PowerGen Corporation and Global Business Power Corporation. He also serves as an Independent Director of Lepanto Consolidated Mining Company (Lepanto) and Maybank Philippines, Inc. (Maybank Philippines). He is the Chairman of the Audit Committee and Nomination Committee of Lepanto and the Risk Management Committee of Maybank Philippines, and a member of the Technology Strategy Committee of PLDT.

Mr. Espinosa also acts as Senior Advisor to the President and Chief Executive Officer of PLDT. He is also a trustee of the Beneficial Trust Fund of PLDT. Mr. Espinosa joined First Pacific in 2013. He is First Pacific Group's Head of Government and Regulatory Affairs and Head of Communications Bureau for the Philippines.

Joseph H.P. Ng
Associate Director

Age 58, Mr. Ng received an MBA and a Professional Diploma in Accountancy from Hong Kong Polytechnic University. He is a member of the Hong Kong Institute of Certified Public Accountants, the Association of Chartered Certified Accountants and the Institute of Chartered Accountants in England and Wales. Mr. Ng is a Commissioner of PT Indofood Sukses Makmur Tbk and a Non-executive Director of Philex Mining Corporation and PXP Energy Corporation, which are First Pacific Group subsidiary and associates.

He joined First Pacific in 1988 from PriceWaterhouse's audit and business advisory department in Hong Kong. Mr. Ng was appointed as Associate Director in April 2019. Prior to that he was Executive Vice President of Group Finance and served in several senior finance positions within the Group, including as the Head of Finance of the Group's regional telecom division and a director of a number of the Group's telecom joint ventures in India, Indonesia and China.

John W. Ryan
Associate Director

Age 55, Mr. Ryan received a Bachelor of Arts degree from the University of Connecticut and completed a Master of Philosophy course on Slavonic and East European Studies at St. Antony's College, Oxford University. He spent several years as a financial journalist, opening and leading Bloomberg's Moscow bureau for five years in the early 1990s and later joining Dow Jones as Bureau Chief over the period 1998–2004 in Moscow and Hong Kong. Mr. Ryan subsequently served as Head of Corporate Communications, Asia Pacific for HSBC's wholesale bank. He joined First Pacific in 2010. Prior to his appointment as Associate Director in April 2019, Mr. Ryan was Executive Vice President of Group Corporate Communications. He is currently Group Chief Investor Relations and Sustainability Officer, and a Commissioner of PT Indofood Sukses Makmur Tbk.

Victorico P. Vargas
Associate Director

Age 68, Mr. Vargas was educated at Ateneo de Manila and University of Santo Tomas.

Prior to his appointment as Associate Director of First Pacific, Mr. Vargas was the President and Chief Executive Officer at Maynilad Water Services, Inc. He joined PLDT Inc. ("PLDT") in 2000 as its Human Resources Group Head and through his stay at PLDT got involved in managing the PLDT Business Transformation Office, Asset Protection and Management Group, and the PLDT International Carrier Business. He has worked in senior roles at Union Carbide, Pepsico, Colgate Palmolive and Citigroup.

He is a Director of Meralco, Smart Communications, Inc., PLDT Global, Inc., PLDT Subic Telecom, Inc. and PLDT Clark Telecom, Inc., President and Member of the Board of Trustees of the First Pacific Leadership Academy, Trustee of the MVP Sports Foundation, PLDT-Smart Foundation, Inc. and IdeaSpace Foundation and President of the PhilPop Music Fest Foundation.

Mr. Vargas joined First Pacific in January 2016, overseeing First Pacific Group businesses operating in the Philippines and its region, particularly focus leading the Business Transformation of PLDT.

Richard P.C. Chan
Executive Vice President
Group Financial Controller

Age 51, Mr. Chan received a BBA (Hons) degree from Hong Kong Baptist University and an MBA from the Chinese University of Hong Kong. He is a Certified Public Accountant (Practising), a CFA charterholder and a Fellow of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants. He has experience in auditing, accounting, finance and management spanning a diverse range of business activities. He serves as a Non-executive Director of Philex Mining Corporation since January 2019, which is First Pacific Group associate.

Mr. Chan joined First Pacific in 1996 from KPMG. Prior to his appointment as Executive Vice President, Group Financial Controller in April 2019, Mr. Chan was Vice President, Group Financial Controller.

Maisie M.S. Lam
Executive Vice President
Group Human Resources

Age 66, Ms. Lam received a Diploma from the Hong Kong Polytechnic University/ Hong Kong Management Association. She joined First Pacific in 1983.

Peter T.H. Lin
Executive Vice President
Group Treasury and Tax

Age 51, Mr. Lin received a MSc in Management Sciences from the University of Southampton and a BSc in Economics and Statistics from Coventry University. He is a Fellow of the Institute of Chartered Accountants in England and Wales, Hong Kong Institute of Certified

Public Accountants and the Association of Chartered Certified Accountants. Mr. Lin joined First Pacific in 1998 from KPMG where he was a Tax Manager. Prior to his appointment as Executive Vice President, Group Treasury and Tax in April 2019, Mr. Lin was Deputy Treasurer and Vice President of Group Tax.

Stanley H. Yang
Executive Vice President
Group Corporate Development

Age 44, Mr. Yang received a Bachelor of Science degree in Economics from the Wharton School of the University of Pennsylvania. He oversees First Pacific's corporate development activities including mergers and acquisitions, joint ventures, strategic partnerships, and other group strategic initiatives. Prior to joining First Pacific, Mr. Yang worked at Deutsche Bank where he led investment banking coverage in Asia for the industrials sector. He also previously served as director of Deutsche Bank's mergers and acquisitions department where he advised clients on mergers and acquisitions, divestitures and leveraged investments across Asia and the United States. Mr. Yang began his career in New York gaining transaction experience in principal investing and investment banking, and he transferred to Hong Kong in 2007. He joined First Pacific in 2013 and is currently a Director of PacificLight Power Pte. Ltd.

Sara S.K. Cheung
Vice President, Group Corporate Communications

Age 57, Ms. Cheung received a BA in Business Economics from the University of California, Los Angeles and an MBA from Southern Illinois University, Carbondale. She is a member of the Hong Kong Investor Relations Association. She joined First Pacific in 1997 from the Public Affairs department of Wharf Limited and Wheelock and Company.

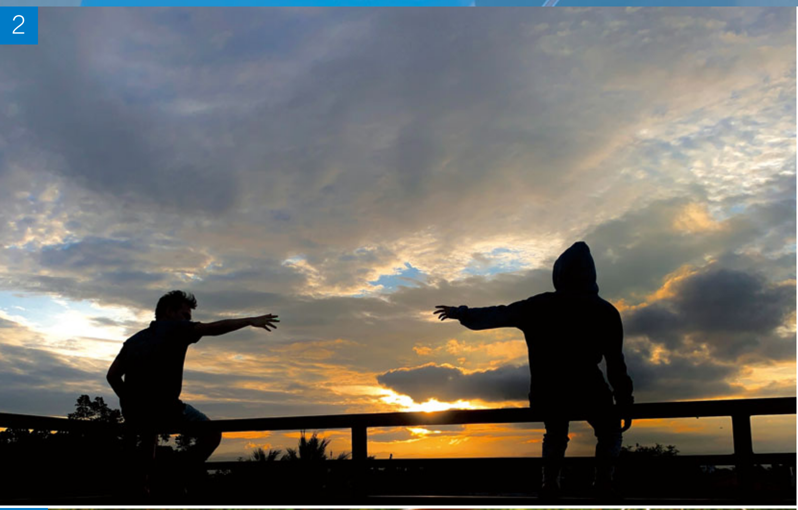
Nancy L.M. Li
Vice President
Company Secretary

Age 63, Ms. Li received a BA from McMaster University in Canada and a MSc in Corporate Governance and Directorship from Hong Kong Baptist University. She is a Fellow of both The Chartered Governance Institute (formerly known as The Institute of Chartered Secretaries and Administrators) and The Hong Kong Institute of Chartered Secretaries, holding dual designations of Chartered Secretary and Chartered Governance Professional. Ms. Li joined First Pacific in 1987 from the Hong Kong Polytechnic University's academic secretariat. Prior to that, she worked in the company secretarial department of Coopers & Lybrand. Ms. Li was appointed as First Pacific's Company Secretary in 2003.

1

Winning photos of the 6th First Pacific Group photo competition

2



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5

The corporate social responsibility ("CSR") focuses of the Group's key operating companies and foundations are highlighted below.

FIRST PACIFIC Charitable Fund

Supports the Hong Kong community with a focus on:
- Environmental care
- Education
- Sharing and caring
- Well-being development

TULONG KAPATID

Offers a framework for seamless coordination among First Pacific Group companies (including associated companies) to:
- Share information, resources and volunteers for collective impact
- Eliminate inefficient duplication and identify synergies
- Present First Pacific Group companies as trusted partners in nation-building in the Philippines

MVP SPORTS FOUNDATION

The MVP Sports Foundation is the driving force in the development of world class Filipino sports champions, as well as promoting the culture of sports at all levels. The Foundation's activities include:
- Providing aid to the development of National Team Programs and National Athletes, supporting nine core sports: badminton, basketball, golf, rugby, boxing, taekwondo, football, weightlifting and cycling, as well as the others
- Enhancing grassroots youth sports development programs of the allied groups of National Sports Associations, to identify, develop and monitor potential athletes
- Partnering with schools, communities and local government units to integrate, enhance and sustain sports youth programs
- Participation in, providing support and promotion to athletes of world class sporting events
- In collaboration with Smart and the Philippine Badminton Association, hosted the 2020 Badminton Asia Team Championships in Manila
- Supported potential athletes in their respective bids for the Tokyo 2020 Olympics
- Assisted allied group of National Sports Associations in adjusting efforts amidst the pandemic

ideaspace

Promotes technology and science-based entrepreneurship in the Philippines:
- Conducts an annual national startup competition
- Offers financial support and training to technology and technology-enabled start-ups
- Established and manages the first innovation hub for the Philippines, QBO Innovation Hub, a public-private partnership spearheaded by IdeaSpace in partnership with JP Morgan, the Department of Science and Technology and the Department of Trade and Industry
- Supports corporate innovation programs through innovation workshops

Indofood THE SYMBOL OF QUALITY FOODS

Social and community activities are embodied in Indofood's five CSR pillars:
- Building human capital
- Nutrition for All
- Strengthening economic value
- Protecting the environment
- Solidarity and humanity

PLDT Smart FOUNDATION

Funds and develops programs that promote digital inclusion and connectivity in:
- Education – with a focus on development of teachers and fostering innovation in education
- Livelihood and social enterprise
- Disaster response and recovery
- Youth and arts
- Sports development
- Local economic and social development

METRO PACIFIC INVESTMENTS FOUNDATION Reaching Out to Change Lives

- Promotes environmental awareness and livelihood for coastal communities through Shore It Up! ("SIU")
- Partners with Tulong Kapatid to provide calamity and disaster response
- Promotes sustainability and food security through Bayan Tanim!

PHILEX MINING CORPORATION

Provides funding and practical support for:
- COVID-19 related programs and activities
- Health, education, livelihood, public infrastructure and socio-cultural projects
- Reforestation, water and air quality monitoring, and hazardous waste management
- Science-based research for environment and social development, to develop and implement Biodiversity Conservation Management Plan and enhance Social Development and Management Program

PacificLight

Taking part in environmental advocacy and sustainability through both financial and practical assistance:
- By engaging in socially responsible and ethical acts in the environment of Singapore
- Raising funds from staff to support disadvantaged groups impacted by COVID-19
- Supporting recycling and educational outreach to the community

RHi ROXAS HOLDINGS, INC.

Focusing on social and environmental initiatives:
- Poverty alleviation through health care, education, and livelihood assistance
- environmental stewardship
- volunteerism and local partnerships

ONE MERALCO FOUNDATION

Leads programs which focus on:
- Electrification of low-income households in the Meralco franchise area and public schools in remote and island communities throughout the Philippines
- Energy education
- Environmental protection and preservation through sustainable reforestation
- Electrical facilities rehabilitation of public schools
- Youth development through education, sports and the arts
- Community relations and employee volunteerism
- Power restoration support in disaster areas and relief efforts

Maynilad

Leads initiatives and forges partnerships that promote:
- W.A.S.H. (water, sanitation and hygiene) programs as pandemic response
- Rehabilitation of water resources
- Social entrepreneurship and community development

MPTC METRO PACIFIC TOLLWAYS

Supports activities that lead to improvements in:
- Road safety and safe expressway driving
- The environment
- Education
- Health

MMC MAKATI MEDICAL CENTER FOUNDATION

- Forges Public-Private Partnerships for the organizational strengthening of public hospitals, military medical treatment facilities and provincial/local government unit hospitals
- Conducts in-house surgical-medical missions and adopts indigent patients through the Health Heroes Program
- Responds to pandemic, disaster and emergency preparedness challenges during both natural and man-made calamities through the PPPPREPared (Public-Private Partnerships for Pandemic and Emergency Response Preparedness) Program
- Facilitates donation of hospital equipment and medical supplies through the EQUIPPP (Equipment Upgrade and Improvement through Public-Private Partnerships) Program

A Culture of Responsibility and Sustainable Advancement

First Pacific Group serving with compassion and care despite COVID-19 challenges

The First Pacific Group, including subsidiaries, affiliated companies and associates, employs over 123,900 people with most located in Southeast Asia. The outbreak of COVID-19 in early 2020 generated unprecedented challenges to business and to CSR initiatives. Our operating companies remain committed to providing support to our communities, with appropriate safety arrangements in place for employees, customers and other stakeholders, and in compliance with the local regulations and movement restrictions.

Details of our major operating companies' COVID-19-related and key CSR outreach activities are available on their websites.

First Pacific

First Pacific Group companies further strengthened support within and across the Group during the pandemic. In February 2020, Indofood sourced face masks from Indonesia for First Pacific employees in Hong Kong, and First Pacific donated thousands of masks to the operating companies' frontliners in the Philippines in May 2020.

In addition to regular employee benefits, First Pacific also offered work-from-home options and a special Employee Assistance Program ("EAP") to support the emotional and physical well-being of staff. The EAP provides 24/7 professional support for employees' mental and physical health issues. The services including counselling, connecting to local resources, health-related advice and more.

Community support

First Pacific's Code of Conduct policies are actively realized in the communities we operate in, through volunteering initiatives by staff, contributions to charities and non-governmental organizations, and investments made in social programs.

Details of the 15 policies under the Code of Conduct are available on www.firstpacific.com under Sustainability/Policies/Policies under the Code of Conduct tabs.

We continue to support environmental stewardship, quality education, entrepreneurship, disaster response and recovery, well-being development and more, both at the Hong Kong Head Office and throughout our operating companies.

In Hong Kong, we supported:

- Hong Kong Green Day 2020 hosted by the Green Council
- The Society for the Relief of Disabled Children
- Scholarships at Lingnan University

First Pacific also supported the communities around our operating companies through:

- First Pacific Leadership Academy
- MPIF's *Bayan Tanim!* sustainable community food program

Donating usable items to The Salvation Army

In December 2020, a total of nine large bags of good quality clothes, shoes and books donated by First Pacific employees were delivered to The Salvation Army Hong Kong.

Staff training

During the year, we arranged a mandatory training in "Corruption Prevention and Ethics" for all staff, conducted by the Independent Commission Against Corruption.

First Pacific Group employee engagement

We encourage the management and staff of the First Pacific Group of companies to participate in activities that foster team spirit and bonding, to communicate through formal and informal channels, CSR outreach and group-wide activities.

Photo competition

Creativity continues in the new normal. The 6th First Pacific Group photo competition salutes all our Group employees, who have worked continuously to keep themselves, their families and customers safe and productive.

In light of the pandemic and with concern for the safety of the Group's employees, the themes of the 6th Photo Competition were:

- Work-from-home
- e-Learning from home
- My neighborhood (subject to local movement restrictions)
- Serving our customers in the new normal

We received a total of 573 quality photos from the Group's talented photographers from 29 operating companies. The following five winning photos are on page 42:

1. Champion: *e-Learning from home* by Satrio Utomo, from Indofood
2. 1st Runner-up winner: *Social distancing* by Gene Marc D. Esparagoza, from St. Elizabeth Hospital
3. 2nd Runner-up winner: *New normal fashion* by Heinz Reimann D. Orais, from MPT South Corporation
4. 3rd Runner-up winner: *e-Learning while selling rujak bebek* by Keleri Ginting, from Indofood
5. 4th Runner-up winner: *Endeavor* by Kenneth Clor Horique, from Asian Hospital & Medical Center

The View magazine

In the May and November 2020 issues, *The View* featured extensive coverage of efforts by First Pacific Group companies' management and employees – especially the frontliners – to tackle the pandemic challenges. We reported on the remarkable support for each other and our communities, and the accelerating efforts to employ technology and innovative approaches to get through this difficult time together.

A more sustainable future

First Pacific Group holds firm to its core values and mission to create long-term value in Asia for a more sustainable future. 2020 provided the challenges to which we have risen, maintaining vital services and supplies, managing risk and proving our agility in rolling out innovations and serving our communities with dedication.

Tulong Kapatid

Group companies join hands to help

First Pacific Group companies, foundations and affiliates in the Philippines unite through Tulong Kapatid (*Brotherly Help*) in the fight against COVID-19. The CSR group raises funds, organizes and distributes supplies and services from operating companies.

PPE and food relief

Tulong Kapatid supports frontliner waste management teams in Metro Manila. Metro Pacific Investments Foundation ("MPIF"), One Meralco Foundation ("OMF"), PLDT Smart Foundation ("PSF") and Maynilad provided food and care packages, PPEs, hygiene kits and bottled water to frontline workers and communities.

Tulong Kapatid also supported the Department of Health's ("DOH") BIDA campaign to encourage Filipinos to take an active role in the fight against COVID-19, deploying teams to educate communities.

In December 2020, Tulong Kapatid led a nationwide donation drive, "Tuloy Pa Rin Ang Pasko" to fund *Noche Buena* (Christmas Eve) food packs, essentials and children's toys for over 10,000 families, teachers, farmers, public hospitals and communities.

Livelihood opportunities

PLDT Enterprise provided a stimulus package to small and medium enterprises with BEYOND FIBER. Smart rolled out its Digital Farmers Program to empower the rural poor and promote food security amid the pandemic. The program is now adopted in over 15 provinces in the Philippines. Smart's "*Kalye Mabunga*" online series was mounted in partnership with the Department of Agriculture – Agricultural Training Institute, and a #BuyLocalBuySmart rice campaign in partnership with social enterprise, Cropital. With the Philippine Business for Social Progress ("PBSP"), PLDT launched a livelihood program for the female community in Payatas. Through the SOW Livelihood Program, PLDT distributed 2,000 hygiene kits from PLDT-adopted schools and communities.

Indofood

Indofood strives to operate sustainably and responsibly. It continues to leverage its resources, expertise and innovation to mitigate the impact of global challenges and provide benefits to the community across its value chain. However, the world was caught by surprise when COVID-19 struck in early 2020. Indofood responds by striving to safeguard its business, including thousands of employees, its supply chain and distribution, its consumers and communities at large.

Protecting the Indonesian food supply chain and the people

As one of the key stakeholders of the Indonesian food system, Indofood and its operating companies actively support government measures to ensure a seamless supply of food to consumers, under COVID-19 pandemic mitigation measures. Each Indofood factory obtained an Industry Operational and Mobility License issued by the Ministry of Industry. The license also extends to Indofood's distributors, to ensure smooth order fulfilment from warehouses to stores or distribution centers. Indofood also boosted distribution through e-commerce platforms to meet the surge of online demand.

Indofood has taken safety measures across all its operations to prioritize the safety of its people and products. It also established safety policies for employees and vendors, implemented all food safety guidelines published by the government, continued to ensure that products safely reach customers who rely on them, and supported various government and civil society efforts to help local communities during the pandemic.

Indofood established a cross-organizational COVID-19 Task Force to identify, coordinate and manage – as well as monitoring and reporting – the day-to-day COVID-19 prevention measures. Task Force Teams in each strategic business group facilitate crucial and timely decisions on the ground. The teams are responsible for the implementation of mitigation measures in line with the Indonesian government protocol across all operating units and are equipped with COVID-19 Standard Operating Policies and Procedures ("SOPPs") issued by Indofood as a guidance for conducting business activities.

Ensuring food safety

All of Indofood's products processing, packaging, and distribution operations have adopted the Guidelines for Production and Distribution of Processed Food during the Health Emergency Status of COVID-19, issued by the Indonesian Food and Drug Authority (BPOM RI). The Guidelines stipulate comprehensive requirements for food sanitation, personnel hygiene, physical distancing, as well as specific, directed communication to reinforce awareness and understanding of the requirements. Indofood upholds the highest standards of food safety, including the use of Good Processed Food Production Methods, principles of Hazard Analysis and Critical Control Point ("HACCP"), and stringent standards of employee hygiene and health, physical distancing and disinfection.

During the pandemic, Indofood and its subsidiaries were able to build on the occupational health and safety ("OHS") structures in place, enlarging and enhancing the structure with a stronger team to mitigate health and safety risks more effectively.

Standing in solidarity with the community

Indofood is committed to support its community through this challenging time. Its humanitarian relief efforts included:

- Indofood, teamed with several organizations, funded and distributed medical equipment to hospitals throughout Indonesia through the National Disaster Management Agency
- Provided food to disadvantaged families
- Provided disinfecting assistance to the communities around Indofood's operating units
- In collaboration with hospitals and other leading companies, Indofood supported the setting-up of patient rooms for COVID-19 patients

Emerging stronger for the future

Indofood's and its operating units' proven policies and systems are equipped for adapting fast-changing situations during the pandemic. It continues to monitor closely, and promptly respond to, the changing environment, with the priority of keeping its people and communities healthy and protected.

PLDT

PLDT rolls out #stayHome measures and services

PLDT Group implemented vital measures to safeguard its network: boosting speed, increasing capacity and offering new services and packages to help its customers in their time of need. It provided free internet connectivity and free landline calls in critical areas. PLDT Home initiated its #StayHome campaign, providing free services to subscribers. PLDT, Smart, Meralco, and Cignal TV offered payment extensions on bills that came due during quarantine.

PLDT provided digital productivity solutions for businesses working remotely – helping them transition to a new normal and PLDT Home rolled out free speed boost for Luzon.

PLDT and Smart are providing free access to online education services by the Philippine Department of Education ("DepEd"). Students and teachers can access the complete curriculum at the DepEd Commons site.

Lifelines to government, patients and frontliners

PLDT and Meralco donated millions of pesos' worth of medical equipment to East Avenue Medical Center ("EAMC") for its new COVID facilities. Last December, EAMC also inaugurated its own molecular laboratory. The PSF and OMF donation is a grant of 2 RT-PCR machines and 1 Natch CS automated RNA extractor, vital for a COVID-19 referral hospital.

Smart extended fast, free and reliable communications assistance kits to the frontliners of various government departments and medical facilities for COVID-19 patients, such as the DOH, the Armed Forces of the Philippines ("AFP"), and others. PLDT, Smart and ePLDT also developed COVID-19 emergency hotlines in partnership with the DOH. PLDT provided internet connectivity to the Laguna Incident Command Center and boosted connectivity to fast-track the processing of COVID-19 test results. Smart free WiFi is available in campuses that are housing COVID-19 frontliners, as well as hospitals, supermarkets and convenience stores. PLDT also donated cars for frontliners, and 30 vehicles to the AFP.

PLDT Enterprise and Smart equipped frontliners with 540 pre-loaded smartphones to enable them to pass swiftly through Metro Manila's quarantine checkpoints.

In partnership with the Makati Medical Center Foundation, PLDT donated 200 scrub suits for frontliners at AFP quarantine and swabbing facilities. PLDT also distributed disposable facemasks and face shields, relief packs and snack packs to typhoon victims.

PLDT-Smart Foundation ("PSF") donated over 118,000 PPE sets as well as surgical and reusable facemasks and hazmat suits to various hospitals and frontliners nationwide. PSF gave over 72,000 vitamin C tablets to frontline workers and communities. Along with other members of Tulong Kapatid, PSF and OMF distributed over 60,000 liters of alcohol to government partner hospitals, agencies and communities. PSF also donated extraction machines with PCR consumable test kits for Baguio General Hospital, Vicente Sotto Memorial Medical Center (Cebu City), Diosdado P. Macapagal Memorial Hospital (Pampanga) in partnership with the Go Negosyo.

PSF distributed over 16,000 relief packs to families affected by Typhoons Rolly and Ulysses and deployed three rescue boats to the AFP for their search and rescue operations after Typhoon Ulysses. Through PSF, MPIC and its logistic arm MMI, Pacific Global One and OMF, AFP also received additional rescue boats, trucks, and a helicopter to aid in their disaster preparedness and rescue operations.

Fundraising

PLDT, through its PBSP-Motolite Balik Baterya funds, supported the *Bayanihan Musikahan* musical fundraiser online, and distributed over 2,300 food packs and vitamins to underprivileged families in Metro Manila and Cebu. Through the PBSP, PLDT also built a handwashing facility for families in Metro Manila. PLDT also supports *Kaagapay: Protect our Healthcare Heroes* project, led by the Philippine Disaster Resilience Foundation.

Throughout COVID-19, Tulong Kapatid raised funds via PayMaya and MVP Rewards to purchase food packs, hygiene kits, and care packages distributed to medical and uniformed frontliners. In October 2020, it also ran a blood donation campaign with the Department of Health Philippine Blood Center.

PayMaya and partners launched a one-stop digital donation service #OneAgainst Covid19, to channel donations to relief agencies and charities.

An initiative of PSF and PLDT-Smart employees called "Kapit Kapatid" raised over 6.6 million pesos for PPEs and grocery packs for medical frontline workers and the AFP, and meals for over 8,000 underprivileged individuals via the AFP Mobile Kitchen. PSF and Smart also ran a Text-to-Donate drive for COVID-19 frontliners and communities most impacted by the pandemic.

PSF, PLDT and Smart: supporting quality education

Pandemic-resilient e-Learning

PLDT group has developed pandemic-resilient educational services and solutions for the DepEd. These include learning management systems, digital infrastructure and connectivity, wireless and fiber plans, and digital devices for the 1.2 million teachers and 32 million students in the Philippines. Smart also assists teachers to use an innovative learning system – the CVIF Dynamic Learning Program – which can be used in modular, online and on-air learning settings.

No Learner Left Behind

PSF's No Learner Left Behind campaign aims to enable students and teachers to adapt to the new blended learning strategy. PLDT Home and PSF held a benefit online concert #AtHomeWithPLDT for the campaign. Over 1.5 million pesos were raised, including donations from PLDT Home and PLDT Enterprise, which enabled the donation of five School-in-a-Bag ("SIAB") turned over to the DepEd, pocket WiFi and load cards to teachers of DepEd, scholars of AHA Learning Center, San Beda College Alumni Foundation, students from Isla Verde, Batangas, and athletes from the Philippine Sports Commission.

Webinar series

PLDT collaborated with UP Open University ("UPOU") to reach out to more students, out-of-school youths and teachers through the PLDT Infoteach webinar series. The new training module drew over 58,000 participants and 288,800 views on Facebook. Since its inception in 2004, the program has produced over 30,000 graduates. The PLDT Infoteach webinar series includes tailored content for teachers, students, local government partners, parents and the public.

School-in-a-Bag

SIAB is a portable digital classroom designed to support teachers and students in distance learning, even in remote areas without electricity and internet connectivity.

Each water-resistant backpack carries 20 student tablets, pre-loaded with educational content – including award-winning mother-tongue based interactive apps developed by Smart and academic partners, a teacher's laptop, a pocket WiFi kit, and more. The total value of each SIAB is 200,000 pesos. In 2020, PLDT donated 70 SIAB packages, 15 of which to the DepEd. These resulted from joint efforts among broadband services PLDT Home, PLDT Enterprise, PSF, Smart's flagship CSR: Smart Communities, and an employee fund-raising initiative, *Smart Saturdays*.

In July 2020, Mr. Pangilinan led the turnover of SIAB donation to North Bay Boulevard North Elementary School in Navotas, Metro Manila. The SIAB donation forms part of the grant from Huawei Technologies Philippines, Inc. to PSF. Mr. Pangilinan also donated 66 tablets for graduating Grade 6 students of the public schools.

PLDT, Smart and donors have provided 300 SIABs to DepEd schools, bridging the digital divide for over 80,000 underserved students and over 2,000 teachers nationwide.

Gabay Guro

Gabay Guro is the 13-year-old joint program of PSF and the PLDT Managers Club Inc. which aims to support and honor teachers through scholarship grants, teacher's training, digital innovations, classroom and computer donations and livelihood, teachers' tribute, housing and other programs.

On 3 October 2020, more than 500,000 beloved teachers attended the PLDT Gabay Guro Virtual Grand Gathering. This get-together is the annual culmination of Gabay Guro's appreciation of educators nationwide.

Gabay Guro launched its one-stop app for digital educational resources in time for World Teachers' Day 2020. Teachers may also access DepEd platforms and curriculum. Gabay Guro also launched its *Learning Never Stops* campaign, with 1-hour sessions featuring noteworthy speakers and resources available, free-of-charge, to teachers nationwide. Gabay Guro has conducted 27 e-Learning sessions on Facebook with over 456,000 views.

Online Thanksgiving Concert

In appreciation of the commitment and contributions from the Groups' employees during a challenging 2020, PLDT organized an online Thanksgiving Concert in December, exclusively for First Pacific Group Companies' employees and families.

MPIC

MPIC companies at the vanguard

Metro Pacific Hospital Holdings Inc. ("MPHHI") has been at the forefront of the government's efforts during COVID-19. Three of MPHHI's 17 hospitals are designated for COVID-19 patients and extended their bed capacities. Under the new normal, MPHHI member hospitals are strictly implementing and continuously improving patient and healthcare workers' processes. Volunteers from Group hospitals answered the call for frontliners to assist the COVID facilities.

In July 2020, the MPHHI COVID Crisis Management Team initiated free webinars for the medical profession, sharing best practices in infection control, protocols and engineering interventions.

MPHHI increased its laboratory testing capacity and adopted new strategies such as Makati Medical Center's teleconsultation via mobile and video conferencing. MPHHI also offers services like e-pharmacy, mobile laboratories and remote patient monitoring.

MetroPac Movers Inc. distributed over 14,000 liters of 70% ethyl alcohol from Roxas Holdings Inc, to hospitals in April 2020.

Safeguarding transportation, providing relief

Metro Pacific Tollways Corporation ("MPTC") provided free toll fees for medical and government frontliners, on its major North Luzon ("NLEX") and Subic-Clark-Tarlac Expressways ("SCTEX"). NLEX Corporation conducts rapid mass testing for COVID-19 for all employees and frontliners, to assure its people and motorists' safety.

MPTC provided relief goods, PPEs, livelihood projects and hospital beds to government, communities and hospitals in Metro Manila. MPTC also provides livelihood projects and food for communities in Cebu and Cordova. NLEX, the Department of Public Works and Highways, and religious group Iglesia ni Cristo partnered to complete a 300-bed *We Heal as One* COVID-19 quarantine center at the Philippine Arena in Bulacan.

Light Rail Manila Corporation ("LRMC") provided free alcohol and thermometers to all LRT1 merchants and commuters, and disinfection and sanitation services for all trains and public transport vehicles. It waived various service fees for its merchants.

Meralco offers power, accommodation

The Medical City in Manila is a COVID-19 facility in proximity to the Meralco Center. Meralco created comfortable accommodation for medical frontliners in the Meralco Fitness Center. Accommodation includes bedding, amenity kits, home-cooked hot meals, internet access and more.

Meralco, with Maynilad and Smart, provide free WiFi, electricity and water to the quarantine/temporary health centers in the Ninoy Aquino Stadium, Rizal Memorial Stadium, Philippine International Convention Center, the World Trade Center and Macapagal Terminal-South Harbor. At the Ninoy Aquino Stadium quarantine facility, Meralco provides free power; Maynilad, free water; and MPTC donated an initial 350 hospital beds. MPIC provided ventilators, PPEs, face masks, ECG machines, defibrillators, mobile X-rays and components for a mobile laboratory. Meralco provides lighting for the 300-bed *We Heal as One* Philippine Arena quarantine facility.

Meralco, together with PLDT, also donated 32 million pesos' worth of medical equipment to East Avenue Medical Center for its new COVID facility.

Relief response for Taal volcano eruption

Metro Pacific Investments Foundation ("MPIF") organized a relief support program for victims of the Taal volcano eruption and mobilized resources to distribute blankets, mats, shirts, food, and water filters. MPIF provided quality medical consultations to residents, through the Makati Medical Center's doctors and healthcare staff.

Working with Tulong Kapatid, the corporate social responsibility alliance of foundations and companies under the First Pacific Group of Companies, the group identified communities that have received little to no assistance from other companies. It redirected undistributed surplus from some evacuation centers, to more than 1,000 affected residents of barangays in Mabini, Batangas.

Thank You for Being Our Heroes: MPIF's support for frontliners' PPE distribution

As healthcare community faced PPE supply shortages, MPIF initiated a PPE Distribution Program for frontliners. Mobilizing its centralized purchasing network and logistical capacity, MPIF delivered PPEs to healthcare facilities across Metro Manila and in Mindanao – outside of MPHHI's hospital units.

MPIF delivered approximately 5,000 PPEs to over 14 institutions. Items provided include 1,000 virus specimen test tubes, 500 boxes of Clusivol, 400 coveralls, 100 pairs of protective eyewear, 800 pairs of gloves, over 1,000 PPE kits, 10 Tulip Tabletop water filters, and 300 face shields.

Kaya Natin 'To: MPIF's relief support for the marginalized sector

Kaya Natin 'To is a relief program launched during the onset of the Enhanced Community Quarantine, to help marginalized and vulnerable sectors cope with the impact on livelihood of the COVID-19 pandemic, by providing basic needs such as food and personal care items. MPIF delivered more than 3,700 relief packs, including over 8,000 kgs of vegetables sourced directly from Agrea Agricultural System International Inc., supporting the livelihood of farmers from Nueva Ecija. Aside from tourism workers and low-income households, the program also prioritized the vulnerable population comprised of persons with disabilities, informal settlers, senior citizens, pregnant and lactating mothers, and indigenous minorities – particularly, the remote Aeta community in Zambales.

Bayan Tanim!: MPIF's fundraising drive for sustainable living

Bayan Tanim! forms the third phase of MPIF's COVID-19 response strategy. The initiative taps the potential of small-scale gardening to help disadvantaged communities cope with the adverse impacts of the pandemic, providing them the resources to cultivate food sustainably. It was designed to distribute planting crates containing essentials such as seeds, seedlings, fertilizer, and potting mix. Through *Bayan Tanim!*, beneficiaries can become self-sufficient with food thereby improving their food security and long-term resilience.

This program delivered over 400 crates in seven communities – benefitting an estimated 800 households across Metro Manila. MPIF intends to carry on the initiative through community markets as livelihood in the future, and to expand distribution.

Calamity response for typhoons' victims

After the successive onslaught of typhoons Quinta, Rolly, Siony, Tonyo and Ulysses during the COVID-19 pandemic, many provinces experienced losses of billions of pesos in damages and millions of families lost their homes, livelihoods, and their loved ones.

MPIF immediately responded to calls for assistance around Metro Manila and surrounding areas by providing over 250 food relief packs to victims, in partnership with other foundations.

In coordination with Tulong Kapatid, MPIF distributed 500 kgs of vegetables to boatmen, crew, and their families in Batangas. 500 bottles of water from Maynilad and 200 grocery packs from One Meralco Foundation ("OMF") were also distributed to these typhoon victims who had already lost their livelihoods due to the subsequent lockdowns.

Tuloy Pa Rin Ang Pasko

Despite the pandemic challenges, MPIF brought Christmas cheer and hope to households, boatmen and dive resort personnel in the coastal barangays of Mabini, Batangas which were badly hit by the COVID-19 pandemic and Typhoon Quinta. Tuloy Pa Rin Ang Pasko, the Noche Buena gift-giving initiative is a partnership with OMF and other foundations.

MPIF continued its support for its Shore It Up! frontliners – the Mangrove Eco-guides in Siargao; and the Marine Protection, Inspection, and Conservation guardians in Oriental Mindoro – by providing them and their local government unit counterparts with *Noche Buena* packs.

Philex

Padcal mine

Philex mine's COVID-19 assistance was a response to call for unified action from the mining industry by the Mines and Geosciences Bureau of the Department of Environment and Natural Resources. Philex's Social Development and Management Program supported its host and neighboring communities with food packs, PPEs, disinfectants, sanitation spraying equipment and more, benefiting around 5,600 families.

Philex's Community COVID-19 Task Force brought together village leaders, cooperatives and vendors' associations, local transport groups, teachers, religious groups, the local government units and police, with the focus of protecting employees, their family members and mine camp residents.

In addition to complying with the government's safety and health protocols, Philex expanded its on-site COVID testing program, contact tracing, isolation facilities, necessities and medical needs for its employees, their family members and mine camp residents. The communal spirit at Padcal mine and its host communities was strong, with contributions from volunteers.

Silangan Project

Despite limited resources, Silangan Mindanao Mining Co., Inc. ("SMMCI") partnered with First Pacific Group companies in the Philippines to provide timely CSR support to its host communities to ease the adverse impacts from the pandemic.

SMMCI continues its support for education. In 2020, its e-Learning program benefited 4,600 students from 11 elementary and three secondary schools, located in 11 host mining communities.

SMMCI also provided food packages, 70% ethyl alcohol, facemasks, surgical PPEs to over 540 frontline workers. Fifty-seven modified hand wash stations were distributed to public schools, day care centers, barangay halls and municipal facilities in 11 host mining communities.

PLP

Health & Wellness Fundraiser

During Singapore's pandemic lockdown from March to June 2020, staff came together via a socially distanced Health & Wellness Fundraiser to promote wellness and bonding, which comprised "Taking Positive Steps" and "PacificLight Fitness Bingo". The funds raised were donated to Dignity Kitchen, a social enterprise staffed by disabled individuals who prepare snacks and meals for health workers, migrant workers, the elderly and low-income families. A total of 140 snack boxes were distributed to elderly recipients in low-income neighborhoods.

MyFirstSkool eco-journal, sticker booklet and competition

In 2020, PLP expanded its affinity for sustainability with partner MyFirstSkool, one of Singapore's leading pre-school and childcare providers with 145 preschools island wide. We jointly developed and produced an eco-journal and sticker booklet, with over 36,000 copies distributed to students. Students also worked in groups to create artworks based on famous Singapore landmarks. Made from recycled materials, the students' art pieces were exhibited to the public at the Singapore Sustainable Gallery. By creatively engaging children through play, PLP hopes to inspire students to lead a more environmentally friendly lifestyle.

The inaugural "*Draw An Energy Hero*" competition also encouraged students to be thinkers and do-ers by learning and practicing how to living sustainably.

Accelerating Your Energy Efficiency Program webinar

PLP organized its first-ever energy efficiency webinar on 21 August 2020. Joined by the company's specialist partners from government agencies, organizations, clean energy providers and global banks, the webinar gave a compelling case for why going green is an intuitive step to help businesses reduce their energy consumption and in turn, lower costs.

PLP virtual heritage tour with My Community Festival

In December 2020, PLP Deputy General Manager (Special Projects) Mr. Kwong hosted the first of two iterations of a virtual heritage tour, as part of the *My Community Festival*.

Mr. Kwong shared his fascinating experience to an audience of over 260 participants, detailing how it felt being part of Singapore's energy story for the past 40 years and spurring its transformation to the world-class industry it is today.

Educational outreach

PLP continued to reach out to students, adapting to a more socially distanced format via virtual engagement. Students from Orchid Park Secondary School had the opportunity to go on a physical tour in January 2020 prior to the pandemic, students from Commonwealth Secondary School got to learn more about pursuing a career in the electricity industry during their Career Day. PLP also worked with Dazhong Primary School to develop an environmental focus in the school's curriculum. Lastly, seven graduating classes from Kuo Chuan Presbyterian Primary School were given a virtual tour of the power plant.

RHI

In support of the United Nations Sustainable Development Goals, RHI and its operating units continue their social and environmental assistance to local and neighboring communities, despite the challenges from the pandemic.

Central Azucarera Don Pedro, Inc. ("CADPI") partnered with various organizations and local government units, providing cooked meals, bottled water, hygiene kits, face masks, used clothes, rice, sleeping mats, kitchen wares and blankets to approximately 2,000 evacuees and over 500 families affected by the eruption of Taal Volcano in January of 2020.

In response to the global pandemic, CADPI donated thousands of masks; hundreds of hygiene items, food packs, rice, sugar and disinfectant alcohol to sugarcane cutters and their families; medical, safety and security services to frontliners and local government units in Nasugbu, Tuy and Balayan in Batangas.

CADPI also donated grocery packs and vitamin supplements to children of sugarcane workers in four barangays in Nasugbu and Tuy, Batangas.

In 2020, San Carlos Bioenergy, Inc. ("SCBI") planted over 6,400 seedlings under its *Brigada Kalinisan* Program, donated health monitoring items to three health centers in the surrounding barangays, and 300 N95 masks to Punao Small Coconut Farmers Agriculture Cooperative. With support from 31 volunteers, SCBI collected approximately 1.5 tonnes of garbage from coastal and other cleanup activities. Eighty volunteers participated in SCBI's blood donation activity.

In support of the local community in San Carlos in its fight against the pandemic, SCBI donated five hands-free alcohol dispensers to the Department of Education and the City Health Office, and 25 units to public elementary and high schools.

One hundred children were fed from the plant's *Share-A-Meal* project and 61 students at Don Juan Ledesma Elementary School were provided with Supplemental Feeding. Another 100 students benefited from the *Hakbang Tungo sa Pangarap* program.

SCBI extended assistance to 150 sugarcane planters and 150 of their children were supported by its *Project REAP: Rapid Engagement* and *Assistance to Planters*. SCBI also donated hundreds of N95 masks and offered assistance to over 430 planters.

Wider COVID-19 relief operations included donating approximately a thousand liters of ethyl alcohol to 31 government and 28 non-government agencies, and over 49,000 liters to the MPIC Foundation and Alagang Kapatid Foundation. Sacks of rice were donated to 100 pedicab drivers in partnership with the San Carlos Borromeo Cathedral Parish.

Governance Framework

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

During the year ended 31 December 2020, Mr. Axton Salim was appointed as a new Non-executive Director with effect from 25 March 2020 and as a member of the Corporate Governance Committee on 10 December 2020. Mr. Blair Chilton Pickerell was appointed as a new INED and a member of the Finance Committee and the Corporate Governance Committee, all with effect from 25 March 2020.

The Corporate Governance Committee reviewed the Company's corporate governance practices in respect of the year ended 31 December 2020 to ensure their compliance with the Listing Rules. This Committee is also tasked with the responsibility of overseeing Environmental, Social and Governance (ESG) reporting in compliance with Listing Rule requirements. As recommended by the Corporate Governance Committee, the Board approved the Company's ESG report for publication on the websites of The Stock Exchange of the Hong Kong Limited (SEHK) and the Company.

The Company has adopted its own Code on Corporate Governance Practices (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 is updated from time to time to follow relevant amendments to the Listing Rules in order to strengthen the transparency and accountability of the Board and the respective Board committees and 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 provisions of the CG Code 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 would create inequality across the Group if only the remuneration of the senior executives at the head office were 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 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 management and holding company, the Company does not have a separate internal audit department but has a Risk Assessment Committee consisting of one Executive Director and six senior executives which oversees risk management at the Head Office. Also, each of the Group's major operating companies are required to have their own internal audit and risk management functions responsible for the implementation and monitoring of effective internal control systems for operational, financial and regulatory compliance, and risk management. The Company obtains, as part of its regular internal reporting processes, written reports and confirmations from our major operating units' audit and/or risk management committees regarding the work they undertake and any significant matters arising therefrom. The reports and confirmations received from the individual audit and/or risk management committees are collated by the Company's Risk Assessment Committee and presented to and discussed with the Company's Audit and Risk Management Committee bi-annually. In addition, the Company's management also attends and participates directly in a number of the major operating units' audit and/or risk management committees. Accordingly, the Company relies on a combination of its regular internal reporting processes and Group resources to provide internal audit and risk management functions and, therefore, does not consider it necessary to maintain a separate internal audit function. The Company will review the need for such a 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 2020.

Directors' interest in securities of the Company and its associated corporations as at 31 December 2020 have been disclosed in the Report of the Directors as set out in this Annual Report.

Whistleblowing Policy

To promote good governance, the Company has put in place a Whistleblowing Policy, which is intended to assist employees and those who deal with the Group to disclose information relevant to any suspected misconduct, malpractice or irregularity which he/she has become aware of or genuinely suspects that the Group has been or may become involved in. Any suspected cases can be reported through a confidential reporting channel directed to the Chairman of the Audit and Risk Management Committee. The policy is regularly reviewed to ensure its effectiveness and is posted on the Company's website (www.firstpacific.com). In 2020, the Company did not receive any disclosure under the Whistleblowing Policy.

Board of Directors

As at the date of this Annual Report, the Board is comprised of eleven Directors, of whom two are Executive Directors, nine are NEDs, of whom five are INEDs. Since five out of our current eleven-member Board are INEDs, the Company complies with the Listing Rule requirements that INEDs shall represent at least one-third of the Board. The composition of our current Board is as follows:

Non-executive Directors	Independent Non-executive Directors	Executive Directors
Anthoni Salim *(Chairman)* Term of Re-appointment: 5 June 2018 (re-elected) to 2021 AGM	**Prof. Edward K.Y. Chen,** *GBS, CBE, JP* Term of Re-appointment: 21 June 2019 (re-elected) to 2022 AGM	**Manuel V. Pangilinan** Term of Re-appointment: 21 June 2019 (re-elected) to 2022 AGM
Benny S. Santoso Term of Re-appointment: 16 June 2020 (re-elected) to 2023 AGM	**Margaret Leung Ko May Yee,** *SBS, JP* Term of Re-appointment: 21 June 2019 (re-elected) to 2022 AGM	**Christopher H. Young** Term of Re-appointment: 5 June 2018 (re-elected) to 2021 AGM
Tedy Djuhar Term of Re-appointment: 16 June 2020 (re-elected) to 2021 AGM	**Philip Fan Yan Hok** Term of Re-appointment: 5 June 2018 (re-elected) to 2021 AGM	
Axton Salim Term of Re-appointment: 16 June 2020 (re-elected) to 2023 AGM	**Madeleine Lee Suh Shin** Term of Re-appointment: 21 June 2019 (re-elected) to 2021 AGM	
	Blair Chilton Pickerell Term of Re-appointment: 16 June 2020 (re-elected) to 2023 AGM	

Note: Mr. Blair Chilton Pickerell and Mr. Axton Salim were appointed on 25 March 2020.

Board Process

The Board meets formally at least five times a year to review operational performance and financial plans, monitor the implementation of strategy and any other significant matters that affect the operations of the Group, and approve matters specifically reserved to the Board for decision.

The schedule for regular Board and Board Committee meetings in each year (subject to amendment) is made available to all Directors/Board Committee members before the end of the preceding year, in order to provide sufficient notice to enable Directors to attend. In addition, notice of at least 14 days will be given for a regular Board meeting to give all Directors an opportunity to attend meeting. For all other Board and Board Committee meetings or special meetings, reasonable notice will be given. Apart from attending the scheduled meetings, all Directors use their best endeavors to attend ad-hoc meetings, even on short notice, either in person, by teleconference or by video conference, when necessary.

Meeting agendas for regular Board meetings are set after consultation with the Chairman and the Executive Directors. All Directors are given an opportunity to include matters in the agenda. Directors have access to the advice and services of the Company Secretary to ensure that Board procedures and all applicable rules and regulations are followed. Adequate and appropriate information in the form of agendas, Board papers and related materials, are prepared and provided to the Directors prior to the scheduled date for these meetings.

Since March 2014 the Company has distributed Board and Committee papers through an electronic platform to those Directors who choose to access Board/Board Committee papers through this means. The electronic platform ensures timely and secure provision of information to Directors while reducing paper usage.

Minutes of Board and Board Committee meetings are kept by the Company Secretary. Minutes are open for inspection by any Director.

Minutes of the Board and Board Committee meetings are recorded and include matters considered in such meetings, decisions reached, any concerns raised and any dissenting views expressed. Draft and final versions of the minutes of these meetings are sent to all Directors and Committee members for their review and their records after each meeting. Chairs of Board Committees report on issues discussed and reviewed by the Board Committees at each Board meeting.

In addition to the regular financial performance reports submitted to the Board at its regular meetings, the Directors also receive monthly financial and business updates with information on the Group's latest financial performance. Directors therefore possess an up-to-date assessment of the Group's performance, financial position and prospects throughout the year.

The Board reviews and evaluates its work effectiveness annually with a view to identifying areas for improvement and further enhancement. In October 2020, due to the worldwide travel restriction under COVID-19 pandemic, the meeting between the INEDs and the Chairman, without the presence of Executive Directors and management, was conducted via video conference.

Under the bye-laws of the Company, a Director should not vote or be counted in the quorum in respect of any contract, arrangement, transaction or other proposal in which he/she or his/her close associate(s) is/are materially interested.

Board Evaluation

The Company believes that good corporate governance involves a strong and effective Board, one that understands its role and responsibilities, provides leadership and strategic guidance for the Company, establishes effective controls, oversees management and sets the Company's values and standards. In this respect, it is important to measure the effectiveness of the Board through a proper Board Evaluation process on a regular basis.

As instructed by the Corporate Governance Committee, the FY2020 Board Evaluation was internally administered through an online questionnaire. The Directors indicated that they are clear about the role and function of the Board and their responsibilities as a Director. They considered that the Board works cohesively and effectively together, with an open and candid exchange of ideas among the Board and Board Committee members. There is a good diversity of talents, especially at the independent non-executive director level, with expertise in accounting and finance, investments, banking, academia, and general management.

The Directors are generally satisfied with the oversight of performance of the Company and its operating companies, integrity of financial statements, discussions on risk management issues, and worked closely and effectively with management with regard to some major projects in the past year. The Directors suggested devoting more time to focus on the overall corporate strategic direction and investment planning for the next 3-5 years, investment strategy and performance evaluation processes, post-acquisition monitoring, and succession planning. It was considered that some of these suggestions can be addressed by refinements in Board processes, including more timely release of Board materials and minutes, more transparency in investment processes, specific sessions allocated for the discussion regarding strategy and succession planning. Directors' training can be focused on ESG, international and regional developments, specific industry or sector prospects, and technological development trends. The Directors considered that periodic site visits to overseas business divisions would also help in understanding their operations.

Attendance Records

The Board held five regular meetings in 2020. The attendance records of the Board and Board Committee meetings as well as the AGM and SGM held in 2020 are shown in the following table, noting that there was no meeting held by the Ad Hoc Selection Committee during the year. The overall attendance rate of Directors at Board Meetings was 98% while for the Board Committee meetings it was approximately 95.5%. The high attendance record at the Board and Board Committee meetings in 2020 demonstrates our Directors' strong commitment to the Company.

	Meetings held in 2020								
	Regular Board	Audit and Risk Management Committee	Corporate Governance Committee	Remuneration Committee	Nomination Committee	Finance Committee	Independent Board Committee	2020 AGM	SGM
Number of Meetings	5	4	4	2	2	4	3	1	1
Executive Directors									
Manuel V. Pangilinan	5/5	–	–	–	1/2	4/4	2/3#	1/1	1/1
Christopher H. Young	5/5	4/4#	4/4#	2/2#	2/2#	4/4#	3/3#	1/1	1/1
Non-executive Directors									
Anthoni Salim	5/5	–	–	1/2	2/2	–	–	1/1	0/1^
Benny S. Santoso	5/5	–	–	–	–	–	–	1/1	1/1
Tedy Djuhar	4/5	–	–	–	–	–	–	1/1	1/1
Axton Salim*1	4/4	–	1/1	–	–	–	–	1/1	0/1^
Independent Non-executive Directors									
Prof. Edward K.Y. Chen, *GBS, CBE, JP*	5/5	4/4	–	2/2	2/2	4/4	3/3	1/1	1/1
Margaret Leung Ko May Yee, *SBS, JP*	5/5	4/4	4/4	–	–	4/4	3/3	1/1	1/1
Philip Fan Yan Hok	5/5	–	4/4	2/2	2/2	4/4	3/3	1/1	1/1
Madeleine Lee Suh Shin	5/5	4/4	4/4	–	2/2	4/4	3/3	1/1	1/1
Blair Chilton Pickerell*2	4/4	–	3/3	–	–	4/4	3/3	1/1	1/1
Average Attendance Rate	98%	100%	100%	83%	90%	100%	100%	100%	82%

Not a member of the respective Board Committees but attended the Committee meetings to provide information from management's perspective.

*1 Mr. Axton Salim was appointed as a new Non-executive Director of the Company on 25 March 2020 and a member of the Corporate Governance Committee on 10 December 2020.

*2 Mr. Blair Chilton Pickerell was appointed as a new INED of the Company, a member of the Finance Committee and the Corporate Governance Committee, all with effect from 25 March 2020.

^ Mr. Anthoni Salim and Mr. Axton Salim did not join the SGM as they were required to abstain from voting due to conflict of interest.

Board Diversity

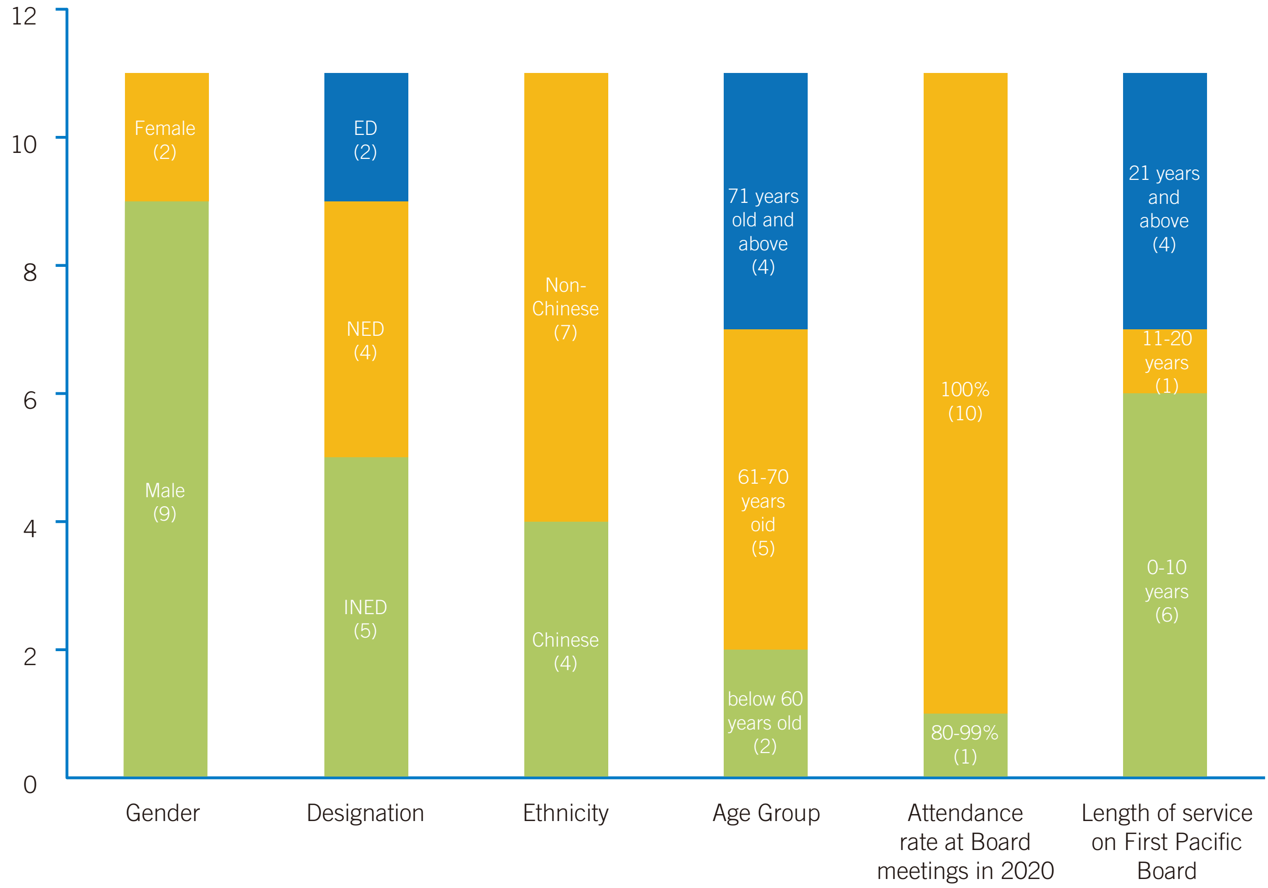
The Directors are collectively responsible for promoting the success of the Company by directing and supervising the Company's affairs. The Board has a balance of skills and experience appropriate for the requirements of the Group's businesses.

As at the date of this Annual Report, members of the Board came from different background, with a diverse range of academic, business and professional expertise. Brief biographical information of each of our Directors is set out in the section "Board of Directors and Senior Executives" on pages 35 to 39 of this Annual Report.

The Board considers that its diversity is a vital asset to its businesses. In August 2013, the Board adopted a Board Diversity Policy, which is available on the Company's website (www.firstpacific.com) under the Corporate Governance Section. Board appointments are based on merit and candidates are considered against objective criteria, having due regard for the benefits of diversity on the Board, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The Company remains committed to meritocracy in the Board room, which requires a diverse and inclusive culture where Directors believe that their views are heard, their concerns are attended to and they serve in an environment where bias, discrimination and harassment are not tolerated.

An analysis of the Board's current composition is set out in the following chart:

Number of Directors



The Company maintains on its website (www.firstpacific.com) and on the designated issuer website of the SEHK (www.hkexnews.hk) an updated list of its Directors identifying their roles and functions and whether they are INEDs. INEDs are also identified as such in all corporate communications that disclose the names of the Company's Directors.

Chairman and Chief Executive

The roles of the Chairman and Chief Executive Officer of the Company are separate, with a clear division of responsibilities.

Currently, Mr. Anthoni Salim, a Non-executive Director, is the Chairman of the Company and Mr. Manuel V. Pangilinan, an Executive Director, is the Managing Director and Chief Executive Officer of the Company. The division of responsibilities between the Chairman and the Chief Executive Officer of the Company are set out in the First Pacific Code.

Responsibilities of Directors

The Board is responsible for the success of the Company by directing and supervising its affairs in a responsible and effective manner. Each Director has a duty to act in good faith and in the best interests of the Company. Directors are expected to devote sufficient time and attention to performing their duties and responsibilities. The Directors are aware of their collective and individual responsibilities to all shareholders for the manner in which the affairs of the Company are managed, controlled and operated.

The Executive Directors, led by the Managing Director and Chief Executive Officer, are responsible for the day-to-day management of the Company's operations. In addition, there are regular meetings with the senior management of subsidiaries and associated companies at which operating strategies and policies are formulated, discussed and settled.

The Company has established a policy enabling all Directors to seek independent professional advice in appropriate circumstances, at the Company's expense. The Board will arrange separate independent professional advice to Directors to assist the relevant Director or Directors to discharge their duties to the Company as and when requested or necessary.

The Company has arranged Directors' and Officers' Liability Insurance for a total liability limit of US$45 million, renewable annually in May of each year. The underwriters are Berkshire Hathaway Specialty Insurance Company and AIG Insurance Hong Kong Limited, who are both specialists in the Directors' and Officers' Liability Insurance market.

If a substantial shareholder or a Director has a conflict of interest in a matter to be considered by the Board, which the Board has determined to be material, the matter should be dealt with by a physical board meeting rather than a written resolution. INEDs who, and whose close associates, have no material interest in the transaction should be present at that board meeting.

Appointment and Re-election of Directors

The Company's Ad Hoc Selection Committee uses a formal and transparent procedure for the appointment of new Directors. Before a prospective Director's name is formally proposed by an international talent search firm or recommended by other Directors, the opinions of the existing Directors (including the NEDs and INEDs) will be solicited.

In accordance with the Company's bye-laws, any new Director appointed by the Board to fill a casual vacancy shall remain a Director of the Company until the next AGM and then he or she shall be eligible for re-election at that meeting. During the year, both Mr. Blair Chilton Pickerell and Mr. Axton Salim (who were appointed as new directors with effect from 25 March 2020) were re-elected at the 2020 AGM for a fixed term of approximately three years until the 2023 AGM.

In accordance with the Company's bye-laws and the First Pacific Code, every Director, including NEDs and INEDs and those appointed for a specific term, shall be subject to retirement by rotation at least once every three years. A retiring Director is eligible for re-election at the AGM.

Each year, the Nomination Committee receives an annual confirmation of each INED's independence. The independence of the INEDs has been assessed in accordance with the guidelines set out in Rule 3.13 of the Listing Rules. As a standard corporate governance practice, each Nomination Committee member abstains from assessing his/her own independence.

Following such assessment, the Nomination Committee affirmed and the Board concurred, that all the INEDs continued to demonstrate strong independence in judgment, free from any business or other relationship which could interfere with their ability to discharge their duties effectively, and are therefore considered independent. Each INED is required to inform the Company as soon as practicable if there is any change in their own personal particulars that may affect their independence. No such notification was received during 2020.

Other than Mr. Anthoni Salim, who is the father of Mr. Axton Salim, none of the Directors have any financial, business, family, or other material/relevant relationship with each other. Non-executive Directors (including INEDs) have the same duties of care and skill and fiduciary duties as Executive Directors. The biographies of Directors are set out in the section "Board of Directors and Senior Executives" on pages 35 to 39 of this Annual Report.

Succession Planning

The Board recognizes the importance of having continuity in the senior management (including directors), maintaining leaders with appropriate skills and experience to support the delivery of the Group's strategic priorities. In order to mitigate the succession planning risk, the Company has made it a regular Board agenda item and to review progress on an annual basis. Mr. Axton Salim (son of Mr. Anthoni Salim) was appointed as a Non-executive Director of the Company on 25 March 2020 to become familiar with the operations of the Company and its major operating units. The Group has also continued the search process to identify potential talents from within and outside the Group for succession planning at both the operating company and Company level.

Directors' Training

The Board is informed of updates of current Listing Rules, accounting practices and disclosure requirements, as and when necessary.

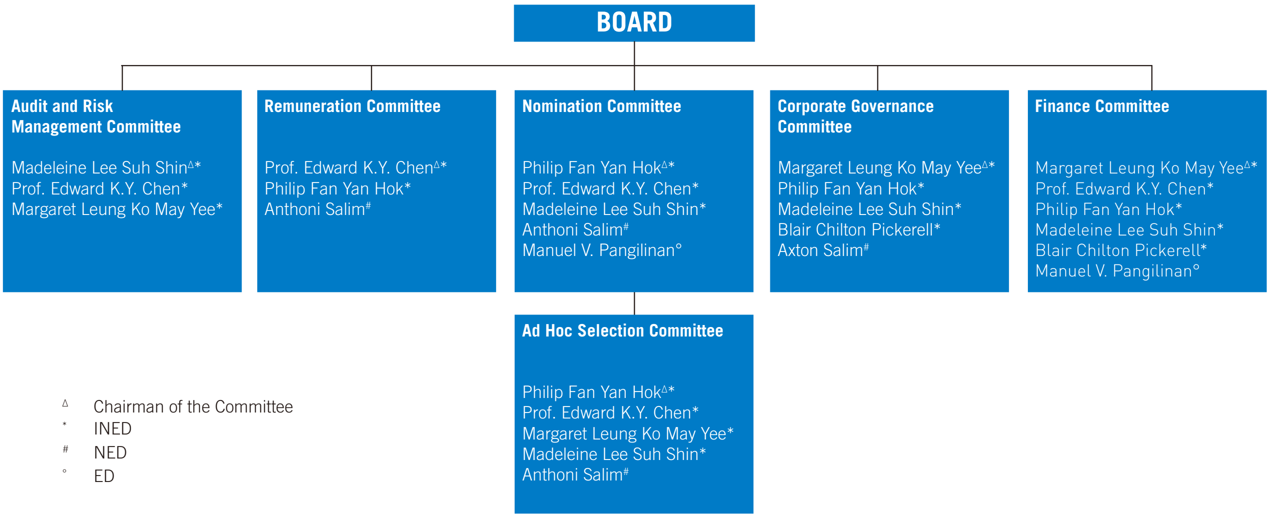
Further, all Directors are provided with briefings and training on an annual basis to ensure that they have a proper understanding of the Company's operations and business and are fully aware of their responsibilities under applicable laws, rules and regulations. Such briefings and training are provided at the Company's expense.

During the year, the Company arranged for a Directors' training provided by our external legal counsel in relation to Legal and Regulatory Update and minimizing legal risks in cyber incidents. The Directors' training was attended by a majority of Directors and senior management.

Furthermore, some Directors also attended external seminars on topics relevant to their duties as Directors, including topics such as governance, leadership, climate change and cyber security. The Company maintains proper records of the training provided to and received by its Directors.

Board Committee

The Board has six Board Committees, namely the Audit and Risk Management Committee, Remuneration Committee, Nomination Committee, Corporate Governance Committee, Finance Committee and Ad Hoc Selection Committee, in order to assist the Board in carrying out its responsibilities. The current composition of the six Board Committees is as follows:



During the year, Mr. Blair Chilton Pickerell was appointed as a member of the Finance Committee and the Corporate Governance Committee with effect from 25 March 2020. In addition, Mr. Axton Salim was appointed as a member of the Corporate Governance Committee on 10 December 2020.

Each of these Board Committees has specific written terms of reference, which set out in detail their respective authorities and duties. Each Board Committee regularly reviews its terms of reference and effectiveness. The terms of reference of all the Board Committees have been made available on the websites of the SEHK (www.hkexnews.hk) and the Company (www.firstpacific.com).

All Board Committees are comprised of a majority of INEDs and chaired by an INED. The Board Committees report to the Board following each Committee meeting, drawing the Board's attention to significant issues or matters of which the Board should be aware of, identifying any matters in respect of which it considers requiring action or improvement, and making relevant recommendations. Board Committees may invite any Director, senior executive, consultant or other relevant party to provide advice in this respect, if necessary.

Audit and Risk Management Committee

The Audit and Risk Management Committee currently comprises of all INEDs, and is chaired by Ms. Madeleine Lee Suh Shin, who possesses appropriate professional qualifications and experience in financial matters. The other two members, Mrs. Margaret Leung and Prof. Edward Chen, also possess relevant qualification and experience in accounting and financial matters. The biographical information of the three members is set out in the section "Board of Directors and Senior Executive" on pages 37 and 38 of this Annual Report. This is in compliance with Rule 3.21 of the Listing Rules.

The Audit and Risk Management Committee's written terms of reference, which describe its authorities and duties, are regularly reviewed and updated by the Committee and approved by the Board. Reporting to the Board, the Audit and Risk Management Committee reviews matters such as interim and annual financial statements, risk management and internal control systems, in order to protect the interests of the Company's shareholders. The Committee may invite any Director, senior executive, consultant or other relevant party to provide advice in this respect, as necessary.

Members of the Audit and Risk Management Committee meet at least twice a year with the Company's independent auditor and hold one separate session per year in the absence of management. The Audit and Risk Management Committee discusses the audit process, accounting issues and reviews the effectiveness of risk management and internal control systems. Special meetings are also convened, where appropriate, to review significant financial issues. In 2020, there were two regular meetings to review the interim/annual results of the Company and two regular meetings to focus on matters relating to risk management. Minutes of the Audit and Risk Management Committee meetings are prepared with details of the matters considered and decisions reached at the meetings.

The Audit and Risk Management Committee reports to the Board following each Committee meeting, drawing the Board's attention to issues or matters of which the Board should be aware, identifying any matters of significance requiring action or improvement, and making relevant recommendations.

During the year, the Audit and Risk Management Committee held four meetings. The attendance record of each Committee member is shown in the section headed "Attendance Records" on page 57 of this Annual Report. Major work performed by the Audit and Risk Management Committee during the year was as follows:

- reviewed the Company's annual results and financial statements for the year ended 31 December 2019 and the related documents, financial reporting and audit issues noted by the Company's independent auditor;
- reviewed the Company's interim results and financial statements for the six months ended 30 June 2020 and the related documents, financial reporting and accounting issues noted by the Company's independent auditor;
- considered the 2020 Audit Plan for the First Pacific Group and the audit fee arrangement;
- reviewed the report from the Risk Assessment Committee on First Pacific's Head Office Risk Matrix on a semi-annual basis;
- reviewed new and revised accounting standards and the impact on the Group's financial statements;
- conducted regular reviews of the Group's continuing connected transactions and annual review pursuant to Rule 14A(55) of the Listing Rules;
- reviewed the engagement of the Company's independent auditor, its independence and objectivity, and the effectiveness of the audit process;
- recommended the re-appointment of independent auditor for shareholders' approval at the 2020 AGM;
- reviewed the adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting functions, and their training programmes and budgets;
- exercised oversight over the Group's financial reporting system, risk management and internal control systems;
- exercised oversight over the audit and/or risk management committees of the Company's major operating companies;
- reviewed the Audit and Risk Management Committee's effectiveness in discharging its role and responsibilities and made recommendations to the Board for any changes;
- reviewed the need for cybersecurity insurance for the Head Office;
- reviewed the Directors' and Officers' Liability Insurance cover; and
- adopted the revised Risk Management Policies and Procedures.

Remuneration Committee

The Remuneration Committee is currently comprised of a majority of INEDs, and chaired by Prof. Edward Chen, an INED. It has terms of reference which set out clearly with its authorities and duties. The terms of reference of the Remuneration Committee include the specific authorities and duties set out in paragraphs B.1.3(a) to (j) of the First Pacific Code, with appropriate modifications, where necessary.

In determining the Company's remuneration policy, the Remuneration Committee takes into account the Company's business objectives, people strategy, short-term and long-term performance, business and economic conditions, market practices, and compliance and risk controls in order to ensure that remuneration aligns with business and individual performance, promotes effective risk management, facilitates retention of quality personnel and is competitive in the market. The Committee may invite any Director, senior executive, consultant or other relevant party to provide advice in this respect, if necessary.

The Remuneration Committee reports to the Board following each Committee meeting, drawing the Board's attention to significant issues or matters of which the Board should be aware, identifying any matters in respect of which it considers action or improvement is needed, and making relevant recommendations.

During the year, the Remuneration Committee held two meetings with the Company's Head of Human Resources. The attendance record of each Committee member is shown in the section headed "Attendance Records" on page 57 of this Annual Report. Major work performed by the Remuneration Committee during the year was as follows:

- made recommendations to the Board on the Company's policy and structure for Directors' and senior management's remuneration;
- assessed the performance of Executive Directors and approved the terms of Executive Directors' service contracts;
- reviewed and approved the management's remuneration proposals with reference to the Board's corporate goals and objectives;
- determined, with delegated responsibility, the remuneration packages of individual Executive Directors and senior management;
- reviewed the revised 2020 salary budget and 2019 annual bonus;
- reviewed the 2021 salary budget and 2020 annual bonus;
- reviewed the Company's Guidebook on Human Resources' policies and procedures for staff;
- reviewed the possible recruitment of a new Executive Director; and
- reviewed the Remuneration Committee's effectiveness in discharging its role and responsibilities and made recommendations to the Board for any changes.

Nomination Committee

The Nomination Committee is currently comprised of a majority of INEDs, and chaired by Mr. Philip Fan, an INED. It has terms of reference which deal clearly with its authorities and duties. The terms of reference of the Nomination Committee include specific authorities and duties set out in paragraphs A.5.2(a) to (d) of the First Pacific Code, with appropriate modifications, where necessary.

The Nomination Committee reports to the Board following each Committee meeting, drawing the Board's attention to significant issues or matters of which the Board should be aware, identifying any matters which it considers require action or improvement, and making relevant recommendations. The Committee may invite any Director, senior executive, consultant or other relevant party to provide advice in this respect, as necessary.

During the year, the Nomination Committee held two meetings. The attendance record of each Committee member is shown in the section headed "Attendance Records" on page 57 of this Annual Report. Major work performed by the Nomination Committee during the year was as follows:

- reviewed the structure, size and composition of the Board and existing Board Committees;
- considered the appointment of Mr. Blair Chilton Pickerell as an INED and Mr. Axton Salim as a Non-executive Director;
- reviewed and confirmed the independence of INEDs (details of which are set out in the section headed "Appointment and Re-election of Directors" on page 59 of this Annual Report);
- nominated the retiring Directors to stand for re-election at the 2020 AGM;
- reviewed succession planning for the Board and senior management;
- reviewed the Nomination Committee's effectiveness in discharging its role and responsibilities and its terms of reference and made recommendation to the Board for any changes; and
- recommended the addition of a new member to the Corporate Governance Committee.

Corporate Governance Committee

The Corporate Governance Committee is currently comprised of a majority of INEDs and chaired by Mrs. Margaret Leung, an INED. It has terms of reference which deal clearly with its authorities and duties. Mr. Blair Chilton Pickerell and Mr. Axton Salim were appointed as members of the Corporate Governance Committee on 25 March 2020 and 10 December 2020 respectively. The terms of reference of the Corporate Governance Committee include the specific authorities and duties set out in paragraphs D.3.3(a) to (e) of the First Pacific Code, with appropriate modifications, where necessary.

The Corporate Governance Committee reports to the Board following each Committee meeting, drawing the Board's attention to significant issues or matters of which the Board should be aware, identifying any matters which it considers require action or improvement, and making relevant recommendations. The Committee may invite any Director, senior executive, consultant or other relevant party to provide advice in this respect, as necessary.

During the year, the Corporate Governance Committee held four meetings. The attendance record of each Committee member is shown in the section headed "Attendance Records" on page 57 of this Annual Report. Major work performed by the Corporate Governance Committee during the year was as follows:

- reviewed the Company's policies and practices on corporate governance and made recommendations to the Board;
- reviewed and monitored the Company's policies and practices on compliance with legal and regulatory requirements;
- reviewed the Company's compliance with the Corporate Governance Code as set out in Appendix 14 of the Listing Rules for disclosure in this Corporate Governance Report;
- reviewed the Corporate Governance Committee's effectiveness in discharging its role and responsibilities and made recommendations to the Board for any changes;
- approved the publication of the 2019 ESG report and reviewed the proposed plan for 2020 ESG reporting;
- considered the results of the Board Evaluation exercise for FY2019 and to suggest corresponding refinements in board processes and to devote more time to strategy;
- considered the possible change of service provider for sharing documents and information due to the Company's recent IT upgrade;
- reviewed the latest regulatory developments in ESG and guidance for the Company's 2020 ESG reporting, in response to increased demands from major asset owners, institutional asset managers and regulators;
- considered formal ESG targets for 2020-2022, including the development of a Responsible Investing Policy, improving ESG ratings, and starting to adopt the new HKEX ESG guidelines in the 2020 ESG Report;
- considered the proposals for FY2020 Board Evaluation and approved the option of a self-administered online questionnaire;
- approved the appointment of Mr. Blair Chilton Pickerell and Mr. Axton Salim as new members of the Committee;
- considered and approved new and revised policies relating to the Code of Business Practice and related policies and Responsible Investment Policy; and
- reviewed current ESG ratings by key proxy advisors.

Finance Committee

The Finance Committee is currently comprised of a majority of INEDs, and chaired by Mrs. Margaret Leung, an INED. Mr. Blair Chilton Pickerell was appointed as a member of the Finance Committee with effect from 25 March 2020. It has terms of reference which deal clearly with its authorities and duties.

During the year, the Finance Committee held four meetings. The attendance record of each Committee member is shown in the section headed "Attendance Records" on page 57 of this Annual Report. Major work performed by the Finance Committee during the year was as follows:

- reviewed and monitored the Group's major investments;
- reviewed the long-term business plan and key strategic priorities of the Company and its major operating units;
- reviewed the impact of the COVID-19 pandemic on the Company and its major operating companies, and considered the specific COVID-19 initiatives being undertaken by those units;
- reviewed the Group's M&A initiatives, including the very substantial acquisition of Pinehill Company Limited (Pinehill) by PT Indofood CBP Sukses Makmur Tbk (ICBP), MPIC's sale of its interest in Light Rail Manila Corporation (LRMC) to Sumitomo Corp., and other MPIC initiatives;
- reviewed the PLP situation and refinancing plan;
- reviewed the Company's cash flow projections and debt refinancing plan, including the proposed launch of a new 7/10-year bond; and
- reviewed the Company's share repurchase program and dividend/distribution policy.

Ad Hoc Selection Committee

The Ad Hoc Selection Committee is currently comprised of a majority of INEDs, and chaired by Mr. Philip Fan, an INED. It has specific written terms of reference which deal clearly with its authorities and duties.

After the appointments of two new directors in March 2020, the Ad Hoc Selection Committee did not consider it necessary to hold any meeting during the year.

Independent Board Committee

The Independent Board Committee is currently comprised of all INEDs, and chaired by Prof. Edward Chen, an INED. It has specific written terms of reference which deal clearly with its authorities and duties.

During the year, the Independent Board Committee held two meetings to consider the Very Substantial Acquisition and Connected Transaction relating to the proposed acquisition of the entire issued share capital of Pinehill by ICBP. After taking into account the advice from the Independent Financial Adviser, the Independent Board Committee made a recommendation to the Independent Shareholders to vote in favour of the resolution to be proposed at the SGM to be convened to approve the proposed acquisition.

Directors' Service Contracts

No Director has an unexpired service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

Disclosure of Inside Information

The Company has put in place a policy for the disclosure of inside information in compliance with the Securities and Futures Ordinance of Hong Kong, which has been uploaded to the website of the Company (www.firstpacific.com). The policy sets out the procedures for the handling and dissemination of inside information in a timely manner so as to allow shareholders, staff and other stakeholders to understand major developments within the Company and its major operating companies. The framework and its effectiveness are subject to review on a regular basis in accordance with established procedures.

Dividend or Distribution Policy

The policy on the payment of dividends or distributions is determined and reviewed by the Finance Committee and the Board from time to time, taking into account the Group's performance and financial conditions as well as the cashflow of the Company. This is disclosed in the Company's annual reports and is available on the website of the Company (www.firstpacific.com).

Barring unforeseen circumstances, the Company is currently paying dividends or distributions of not less than 25% of the Group's recurring profit every year. This is paid to our shareholders twice a year through one interim dividend or distribution in respect of the six months ended 30 June and a final dividend or distribution in respect of the full year ended 31 December. Details of the dividend or distribution payments in respect of the current financial year, including the ex-dividend/distribution dates and record dates of the dividends/distributions, can also be found on the Company's website (www.firstpacific.com).

Financial Reporting

In order to enable the Directors to present a balanced, clear and comprehensive assessment of the Company's performance, financial position and prospects to its shareholders, financial reports with adequate information and explanations are prepared by the Company's management and sent to the Board on a timely and regular basis.

Directors' Responsibility for the Financial Statements

The Hong Kong Companies Ordinance requires the Directors to prepare financial statements for each financial year that give a true and fair view of the Company's state of affairs as at the end of the financial year and of its results and cash flows for the year then ended. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and apply them on a consistent basis, making judgments and estimates that are prudent, fair and reasonable;
- state the reasons for any significant departure from relevant accounting standards; and
- prepare the financial statements on a going concern basis, unless it is not appropriate to presume that the Company will continue in business for the foreseeable future.

The Directors are responsible for keeping proper accounting records, for safeguarding the assets of the Company and for taking reasonable steps to prevent and detect fraud and other irregularities.

Auditor's Remuneration

An analysis of auditor's remuneration in respect of audit and non-audit services is as follows:

US$ millions	2020	2019
Auditor's remuneration		
– Audit services	**4.8**	4.5
– Non-audit services(i)	**1.0**	1.5
Total	**5.8**	6.0

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

Company Secretary

All Directors have access to the advice and services of the Company Secretary, who is an employee of the Company and reports to the Executive Directors on Board governance matters. She is responsible for ensuring that Board procedures are followed and for facilitating communications among Directors as well as with shareholders and management.

The Company Secretary's biography is set out on page 41 in the "Board of Directors and Senior Management" section of the 2020 Annual Report. During 2020, the Company Secretary undertook over 15 hours of professional training to update her skills and knowledge in company secretarial practices, corporate governance, shareholder activism and recent changes to the Listing Rules.

Constitutional Documents

During 2020, there was no change in the constitutional documents. These documents are available on the SEHK's and the Company's websites at www.hkexnews.hk and www.firstpacific.com respectively.

Communications with Shareholders

Effective Communication

First Pacific encourages an active and open dialogue with all of its shareholders, private and institutional, large and small. The Board acknowledges that its role is to represent and promote the interests of the Company as a whole and that its members are accountable to shareholders for the performance and activities of the Company. First Pacific is always responsive to the views and requests of its shareholders.

The formal channels of communicating with shareholders are the annual and interim reports, press releases, published announcements, shareholders' circulars and shareholder meetings. The annual and interim reports seek to communicate developments in the Company's businesses to shareholders and the wider investor community. All of these initiatives are designed to better inform shareholders and potential investors about the Company's activities and strategic direction.

The AGM is the principal forum for formal dialogue with shareholders. The Company's Chairman, Executive Directors, Chairs of Board Committees and NEDs (including INEDs), are present at the AGM either in person, by teleconference or video conference, in order to answer questions from shareholders about specific resolutions proposed at the meeting and also about the Group in general.

Other than the 2020 AGM, the Company convened an SGM on 17 July 2020 to solicit independent shareholders' approval of a Very Substantial Acquisition and Connected Transaction relating to the proposed acquisition of Pinehill by ICBP, which was subsequently approved by the independent shareholders.

In order to promote effective communication, the Company also maintains a website (www.firstpacific.com) which includes information relating to the Group and its businesses.

Voting by Poll

The Company's shareholders are informed of the procedures for and their rights to demand voting by poll in shareholders' meetings at which their approvals are sought through disclosure in the Company's circulars. All voting at general meetings are conducted by poll.

At the 2020 AGM and SGM, the chairman demanded a poll on all resolutions. The procedures for demanding a poll by shareholders were incorporated in the respective AGM circular and SGM circular sent to shareholders in the time stipulated. Computershare Hong Kong Investor Services Limited, the Company's Hong Kong Branch Registrar, was engaged as scrutineer to ensure the votes were properly counted.

Shareholders Communication Policy

The Company has put in place a Shareholders Communication Policy to ensure that Shareholders are provided with ready, equal and timely access to information about the Company. The policy is regularly reviewed to ensure its effectiveness and is posted on the Company's website (www.firstpacific.com).

Calling a Special General Meeting

Shareholders holding at the date of the deposit of the requisition not less than one-tenth of the paid-up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Company, to require a SGM to be called by the Board for the transaction of any business specified in such requisition.

The requisition:

- must be in writing and state the purposes of the meeting;
- must be signed by all the Shareholders concerned;
- may consist of several documents in like form each signed by one or more Shareholders concerned; and
- may either be deposited at the principal office of the Company at 24th Floor, Two Exchange Square, 8 Connaught Place, Central, Hong Kong in hard copy form or sent by email to companysecretary@firstpacific.com.

Details of the abovementioned procedures are set out in a document titled "Rights and procedures for shareholders to convene meetings/put forward proposals" available on the Company's website (www.firstpacific.com).

Putting Forward Proposals at General Meetings

Shareholders can request to circulate a resolution at a general meeting or circulate a statement (of not more than one thousand words) in connection with a proposed resolution or the business to be dealt with at a general meeting; the number of shareholders necessary for such requisition shall be:

(a) shareholders representing not less than one-twentieth of the total voting rights of all shareholders having at the date of the requisition a right to vote at the meeting to which the requisition relates; or
(b) not less than one hundred shareholders of the Company.

A copy or copies of requisition signed by all requisitionists shall be deposited, with a sum reasonably sufficient to meet the Company's expenses in giving notice of the proposed resolution or circulating any necessary statement, either at the principal office of the Company at 24th Floor, Two Exchange Square, 8 Connaught Place, Central, Hong Kong in hard copy form or sent by email to companysecretary@firstpacific.com in the case of:

(a) a requisition requiring notice of a resolution, not less than six weeks before the meeting; and
(b) any other requisition, not less than one week before the meeting.

Details of the abovementioned procedures are set out in a document titled "Rights and procedures for shareholders to convene meetings/put forward proposals" available on the website of the Company.

Further, a shareholder may propose a person other than a Director of the Company for election as a Director of the Company at a general meeting at which elections to the office of directors are to be considered. For such purpose, the shareholder must send to the Company's principal address (for the attention of the Company Secretary) (i) a written notice of intention to propose a resolution at the general meeting; and (ii) a notice signed by the proposed candidate of his/her willingness to be elected, together with that candidate's information as required to be disclosed under the Listing Rules and such other information as required by the Company, and the candidate's written consent to the publication of personal data. Such notice must be sent within a period of not less than seven days before the date of the general meeting. Procedures for shareholders to propose a person for election as a Director of the Company are also available on the website of the Company.

Putting Enquiries to the Board

Shareholders may send enquiries requiring the Board's attention to the Company Secretary at the Company's principal office located at 24th Floor, Two Exchange Square, 8 Connaught Place, Central, Hong Kong in hard copy form or by email to companysecretary@firstpacific.com. Questions concerning the procedures for convening or putting forward proposals at an AGM or SGM may also be put to the Company Secretary in the same manner.

Continuing Connected Transactions and Connected Transactions

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

- 29 January 2020 announcement: following the Company's previous announcement published on 10 October 2019 in relation to, among other things, the revised Framework Agreement between D.M. Consunji, Inc. (Consunji) and Maynilad Water Services, Inc. (Maynilad), which holds an exclusive concession granted by Metropolitan Waterworks and Sewerage System (MWSS) on behalf of the Philippine Government, to provide water and sewerage services in the West Zone of the MWSS service area, the Company announced that Maynilad and the AA-DMCI Laguna Lake Consortium (a consortium between Acciona Agua, S.A. and Consunji), entered into a service contract pursuant to the terms of the Framework Agreement on 28 January 2020 (Service Contract), in relation to the design and build of a 150-MLD (million liters per day) Laguna Water Treatment Plant in the Philippines.

  As the term of the Service Contract exceeds a period of three years, under Rule 14A.52 of the Listing Rules, an Independent Financial Adviser (IFA) was appointed to review and issue an independent opinion to explain the reasons for the Service Contract requiring a duration longer than three years and to confirm that it is a normal business practice for agreements of this type to be of such duration.

- 24 March 2020 announcement: NLEX Corporation (NLEX) and Consunji entered into a Construction Contract, pursuant to which Consunji has agreed to construct and complete the civil works for the NLEX-SLEX Connector Road – Section 1 project in the Philippines, which covers the construction of a 4-lane carriageway and two interchanges located at C3 Road/5th Avenue, Caloocan City and España in Manila (the Project) in accordance with the terms of the Construction Contract. The contract price for the Project is Php7.98 billion (equivalent to approximately US$155.0 million or HK$1.2 billion), inclusive of taxes, subject to adjustments as provided for in the Construction Contract.

  The Construction Contract was awarded by NLEX to Consunji following a detailed competitive bidding process conducted by NLEX. The contract price was determined pursuant to such detailed competitive bidding process and after arm's length negotiations between NLEX and Consunji and was based on normal commercial terms with reference to the expertise, experience and market position of Consunji, and the complexity, design, quality and quantity of the works for the Project, and the allocation of risks under the Construction Contract.

At the time of the announcement, the Group has an approximately 55.2% voting interest and an approximately 42.2% economic interest in Metro Pacific Investments Corporation (MPIC), which in turn indirectly owns NLEX as to approximately 75.0%. The Group also has an approximately 51.3% economic interest in Maynilad Water Holdings Company Inc. (MWHC), the holding company of Maynilad. DMCI Holdings Inc. (DMCI), being the 27.2% shareholder of MWHC, is a connected person of the Company. Consunji is a subsidiary of DMCI and is, therefore, a connected person of the Company. Accordingly, the entering into of the Construction Contract constitutes a connected transaction for the Company under the Listing Rules.

- 22 May 2020 announcement: the Company announced that PT Indofood CBP Sukses Makmur Tbk (ICBP) entered into an agreement with Pinehill Corpora Limited (Pinehill Corpora) and Steele Lake Limited (collectively the Sellers) pursuant to which ICBP has conditionally agreed to purchase, and the Sellers have conditionally agreed to sell, the entire issued share capital of Pinehill Company Limited (Pinehill), for a consideration of US$2,998 million (equivalent to approximately HK$23.4 billion) (subject to adjustment) (Proposed Acquisition).

  In addition, Pinehill Corpora, which is the seller of 51% of the issued share capital of Pinehill, is a consortium indirectly owned as to 49% by Mr. Anthoni Salim. As a result of the indirect beneficial ownership of Mr. Salim in Pinehill Corpora, Pinehill Corpora is a connected person of the Company. The Proposed Acquisition is therefore a connected transaction for the Company. The Proposed Acquisition also constitutes a very substantial acquisition for the Company as one or more of the applicable percentage ratios calculated in accordance with the Listing Rules exceeds 100%, which is subject to the reporting, announcement and Independent Shareholders' approval requirements under the Listing Rules. Steele Lake and its ultimate beneficial owners are third parties independent of the Company.

- 23 June 2020 circular (the Circular): following the Company's announcement made on 22 May 2020 in relation to the Proposed Acquisition, the Company provided its Shareholders with a Circular which contained, among other things, (i) further information relating to the Proposed Acquisition; (ii) the recommendation of the Independent Board Committee (IBC) to the independent Shareholders in respect of the Proposed Acquisition; (iii) the advice of the IFA in respect of Proposed Acquisition to the IBC and the Independent Shareholders and as to how the Independent Shareholders should vote at the special general meeting of the Company to be held on 17 July 2020 (SGM); and other information as required to be disclosed under the Listing Rules.

  At the Company's SGM, a majority of the Independent Shareholders approved the Proposed Acquisition and completion of the Proposed Acquisition took place on 27 August 2020. Following Completion, Pinehill became a wholly-owned subsidiary of ICBP and the financial results of the Pinehill Group will be consolidated in the financial results of the First Pacific Group.

- 15 October 2020 announcement: the Company announced that upon Pinehill becoming a wholly-owned subsidiary of ICBP and a consolidated subsidiary of each of Indofood and the Company, certain existing Distribution Business transactions relating to the sale of noodles products, which were entered into prior to the Pinehill Acquisition (being the acquisition by ICBP of the Pinehill Group), became continuing connected transactions of the Company. The Pinehill Group is a party to certain continuing connected transactions with Said Bawazir Trading Corp. and Tasali Jordan Trading Institute (counterparties to the Distribution Business Transactions) relating to the sale of noodles products, which were entered into prior to the Pinehill Acquisition, such Distribution Business Transactions became continuing connected transactions of the Company as a result of completion of the Pinehill Acquisition.

- 23 December 2020 announcement: MPIC, through its subsidiary, Beacon Powergen Holdings Inc. (Beacon Powergen) (as seller) and Meralco PowerGen Corporation (MGen) (a wholly-owned subsidiary of Meralco and an associated company of the Group) (as buyer) entered into the share purchase agreement (SPA), pursuant to which Beacon Powergen conditionally agreed to sell (or procure the sale of), and MGen conditionally agreed to purchase, the Sale Shares representing approximately 56% of the total issued and outstanding capital stock of Global Business Power Corporation (GBPC), for an aggregate purchase price of Php 22,443 million (equivalent to approximately US$466.6 million or HK$3.6 billion) (subject to adjustment), which will be paid by MGen to Beacon Powergen in cash in three instalments (Proposed Disposal).

  As at the date of the announcement, MPIC holds a 100% economic interest in Beacon Powergen. MPIC is a Philippine affiliate of the Company in which the Group indirectly holds a 43.1% economic interest. FPM Power Holdings Limited (FPM Power) is a 60% owned subsidiary of the Company. MGen, being a 40% shareholder of FPM Power, is a connected person of the Company as a substantial shareholder of FPM Power. The Proposed Disposal is, therefore, a connected transaction for the Company under Chapter 14A of the Listing Rules. The Proposed Disposal is also a major transaction for the Company under Chapter 14 of the Listing Rules and is, therefore, subject to the notification, announcement, circular and Shareholders' approval requirements for a major transaction under the Listing Rules.

  A special general meeting has been convened on 2 March 2021 and the Shareholders approved the Proposed Disposal. Following the Closing, the financial results of GBPC will be deconsolidated and be equity accounted for in the financial statements of the Group.

- 4 January 2021 announcement: the Company announced that pursuant to a resolution of the shareholders of PT Mentari Subur Abadi (MSA) passed on 31 December 2020, the shareholders of MSA have approved (i) an increase in the authorized share capital of MSA and (ii) the issuance and allotment by MSA and the subscription by PT Salim Ivomas Pratama Tbk (SIMP) of the 806,897 new shares in MSA to be issued and allotted by MSA to SIMP (MSA Subscription Shares), for the Subscription Price of Rp806,897 million (equivalent to approximately US$57.1 million or HK$445.4 million), to be satisfied by SIMP in cash.

  Prior to completion of the MSA Subscription, the Group has an economic interest of approximately 29.9% in SIMP and accordingly, an economic interest of approximately 17.9% in MSA. Following completion of the MSA Subscription, the issued share capital of MSA, as enlarged by the allotment and issuance of the MSA Subscription Shares, will be directly and indirectly owned as to approximately 80% by SIMP, and directly and indirectly owned as to approximately 20% by the Salim Group. Following completion of the MSA Subscription, the Company will have an indirect economic interest of approximately 23.9% in MSA and MSA will remain as an indirect non-wholly owned subsidiary of each of SIMP and the Company.

  As at the date of the announcement, the Group has an approximate 50.1% economic interest in Indofood, which has an approximate 71.7% effective economic interest in IndoAgri, which in turn owns 73.5% in SIMP. Together with the Indofood Group's 7.0% direct interest in SIMP, Indofood has an effective economic interest of approximately 59.6% in SIMP. Accordingly, SIMP is a subsidiary of Indofood (and, therefore, of the Company). MSA is a connected subsidiary of the Company as it is a non-wholly owned subsidiary of SIMP (and, therefore, of the Company) and Mr. Salim and companies controlled by him control 10% or more of its voting power. Accordingly, the MSA Subscription by SIMP constitutes a connected transaction for the Company under the Listing Rules.

I. Details of those continuing connected transactions relating to the Indofood Group, which are required to be specified by Rule 14A.49 of the Listing Rules are set out below:

A. Transactions relating to the Noodles Business of the Indofood Group

Parties to the agreement/arrangement			Period covered by the agreement/arrangement		Transaction amount for the year ended 31 December 2020 (US$ millions)
Name of entity of the group	Name of connected party and relationship between the parties	Nature of agreement/arrangement	From	To	
PT Indofood Sukses Makmur Tbk (ISM)/PT Indofood CBP Sukses Makmur Tbk (ICBP)	Dufil Prima Foods PLC (Dufil), an associate of Mr. Salim	ISM/ICBP (1) grants an exclusive licence in respect of the "Indomie" trademark in Nigeria; (2) provides technical services in connection with instant noodle manufacturing operations in Nigeria; and (3) sells and supplies ingredients, noodle seasonings and packaging used for instant noodle products to Dufil	1 January 2020	31 December 2022	27.4#
ISM/ICBP	Pinehill Arabian Food Ltd. (Pinehill), an associate of Mr. Salim	ISM/ICBP (1) grants an exclusive license in respect of the "Indomie", "Supermi" and "Pop Mie" trademarks in certain countries in the Middle East; (2) provides technical services in connection with instant noodle manufacturing operations in certain countries in the Middle East; and (3) sells and supplies ingredients, noodle seasonings and packaging used for instant noodle products to Pinehill	1 January 2020	31 December 2022	53.4#
ISM/ICBP	Salim Wazaran Group Limited (SAWAZ)# and/or Golden Coast Group Limited, an associate of Mr. Salim	ISM/ICBP (1) grants a non-exclusive licence in respect of the "Indomie" trademark in certain countries in the Middle East and Africa; (2) provides technical services in connection with instant noodle manufacturing operations in certain countries in the Middle East and Africa; and (3) sells and supplies ingredients, noodle seasonings and packaging used for instant noodle products to SAWAZ and/or Golden Coast Group Limited	1 January 2020	31 December 2022	49.9

A. Transactions relating to the Noodles Business of the Indofood Group (continued)

Parties to the agreement/arrangement			Period covered by the agreement/arrangement		Transaction amount for the year ended 31 December 2020 (US$ millions)
Name of entity of the group	Name of connected party and relationship between the parties	Nature of agreement/arrangement	From	To	
ISM and its subsidiaries	PT Indomobil Sukses Internasional Tbk (Indomobil) and its subsidiaries, an associate of Mr. Salim	Indomobil and its subsidiaries sell and rent vehicles, provide vehicle services and sell spare parts to ISM and its subsidiaries	1 January 2020	31 December 2022	1.7
ISM and its subsidiaries	PT Indotirta Suaka (PTIS), an associate of Mr. Salim	ISM and its subsidiaries sell scrap product to PTIS	1 January 2020	31 December 2022	–
ISM and its subsidiaries	Shanghai Resources International Trading Co. Ltd. (Shanghai Resources), an associate of Mr. Salim	ISM and its subsidiaries sell noodle products to Shanghai Resources	1 January 2020	31 December 2022	4.5
Aggregated transaction amount					**136.9**

The transaction amount for the year was recorded up to 27 August 2020, which is the acquisition date of the Pinehill Group by the ISM/ICBP Group.

B. Transactions relating to the Plantations Business of the Indofood Group

Parties to the agreement/arrangement			Period covered by the agreement/arrangement		Transaction amount for the year ended 31 December 2020 (US$ millions)
Name of entity of the group	Name of connected party and relationship between the parties	Nature of agreement/arrangement	From	To	
PT Salim Ivomas Pratama Tbk (SIMP) and its subsidiaries	PT Sarana Tempa Perkasa (STP), an associate of Mr. Salim	STP provides pumping services to SIMP and its subsidiaries to load crude palm oil and other derivative products to vessels	1 January 2020	31 December 2022	0.5
SIMP and its subsidiaries	PT Cipta Subur Nusa Jaya (CSNJ), an associate of Mr. Salim	SIMP and its subsidiaries rent infrastructure from CSNJ, and vice versa	1 January 2020	31 December 2022	0.0
SIMP and its subsidiaries	PT Rimba Mutiara Kusuma (RMK), an associate of Mr. Salim	SIMP and its subsidiaries (1) lease heavy equipment and buy building materials from RMK; (2) rent office space, trucks and tug boats from RMK; (3) use transportation services from RMK; and (4) purchase road reinforcement services from RMK	1 January 2020	31 December 2022	0.4

B. Transactions relating to the Plantations Business of the Indofood Group (continued)

Parties to the agreement/arrangement			Period covered by the agreement/arrangement		Transaction amount for the year ended 31 December 2020
Name of entity of the group	Name of connected party and relationship between the parties	Nature of agreement/arrangement	From	To	(US$ millions)
SIMP and its subsidiaries	IndoInternational Green Energy Resources Pte. Ltd. (IGER Group), an associate of Mr. Salim	SIMP and its subsidiaries (1) provide operational services to IGER Group; (2) sell seedlings to IGER Group; (3) buy prefabricated housing materials from IGER Group; (4) sell fertilizer products to IGER Group; (5) lease office space to IGER Group; and (6) buy palm oil and its derivatives products from IGER Group	1 January 2020	31 December 2022	38.2
ISM and its subsidiaries	Indomobil and its subsidiaries, an associate of Mr. Salim	Indomobil and its subsidiaries sell and rent vehicles, provide vehicle services and sell spare parts to ISM and its subsidiaries	1 January 2020	31 December 2022	5.4
SIMP	Shanghai Resources, an associate of Mr. Salim	SIMP sells palm oil and its derivative products to Shanghai Resources	1 January 2020	31 December 2022	34.4
SIMP	Nippon Indosari Corpindo (NIC), an associate of Mr. Salim	SIMP sells margarine to NIC	1 January 2020	31 December 2022	1.3
ISM	Lajuperdana Indah (LPI), an associate of Mr. Salim	ISM grants an exclusive license of its "Indosugar" trademark related to sugar to LPI	1 January 2020	31 December 2022	0.4
PT Inti Abadi Kemasindo (IAK)	LPI, an associate of Mr. Salim	IAK sells packaging materials to LPI	1 January 2020	31 December 2022	0.5
SIMP and its subsidiaries	PT Indomarco Prismatama (Indomaret), an associate of Mr. Salim	SIMP and its subsidiaries sell finished goods to Indomaret	1 January 2020	31 December 2022	59.8
SIMP and its subsidiaries	PT Inti Cakrawala Citra (Indogrosir), an associate of Mr. Salim	SIMP and its subsidiaries sell finished goods to Indogrosir	1 January 2020	31 December 2022	44.3
SIMP and its subsidiaries	PTIS, an associate of Mr. Salim	Indofood and its subsidiaries sell crude palm oil to PTIS	1 January 2020	31 December 2022	–
Aggregated transaction amount					**185.2**

C. Transactions relating to the Distribution Business of the Indofood Group

Parties to the agreement/arrangement: Name of entity of the group	Parties to the agreement/arrangement: Name of connected party and relationship between the parties	Nature of agreement/arrangement	Period covered by the agreement/arrangement: From	Period covered by the agreement/arrangement: To	Transaction amount for the year ended 31 December 2020 (US$ millions)
PT Indomarco Adi Prima (IAP)	PT Lion Superindo (LS), an associate of Mr. Salim	IAP distributes various consumer products to LS	1 January 2020	31 December 2022	21.9
IAP	PT Fast Food Indonesia Tbk (FFI), an associate of Mr. Salim	IAP sells sauces, seasonings and dairy products to FFI	1 January 2020	31 December 2022	0.5
PT Putri Daya Usahatama (PDU)	LS, an associate of Mr. Salim	PDU distributes various consumer products to LS	1 January 2020	31 December 2022	1.5
ISM and its subsidiaries	Indomobil and its subsidiaries, an associate of Mr. Salim	Indomobil and its subsidiaries sell and rent vehicles, sell spare parts and provide vehicle services to ISM and its subsidiaries	1 January 2020	31 December 2022	3.8
ISM and its subsidiaries	PT Sumberdaya Dian Mandiri (SDM), an associate of Mr. Salim	ISM and its subsidiaries use human resources outsourcing services from SDM	1 January 2020	31 December 2022	15.5
IAP	Indomaret, an associate of Mr. Salim	IAP sells finished goods to Indomaret	1 January 2020	31 December 2022	160.4
IAP	Indogrosir, an associate of Mr. Salim	IAP sells finished goods to Indogrosir	1 January 2020	31 December 2022	63.3
PDU	Indomaret, an associate of Mr. Salim	PDU sells finished goods to Indomaret	1 January 2020	31 December 2022	8.0
PDU	Indogrosir, an associate of Mr. Salim	PDU sells finished goods to Indogrosir	1 January 2020	31 December 2022	3.9
IAP	Indomaret, an associate of Mr. Salim	Indomaret rents space from IAP	1 January 2020	31 December 2022	–
IAP	LS, an associate of Mr. Salim	LS rents space from IAP	1 January 2020	31 December 2022	0.3
IAP	PT Indolife Pensiontama (Indolife), an associate of Mr. Salim	IAP's pension plan assets are managed by Indolife	1 January 2020	31 December 2022	0.3
IAP	LPI, an associate of Mr. Salim	IAP buys sugar from LPI	1 January 2020	31 December 2022	3.2
IAP	PT IDmarco Perkasa Indonesia (IDP), an associate of Mr. Salim	IAP pays commission fee to IDP	1 January 2020	31 December 2022	0.0
IAP	ING, an associate of Mr. Salim	IAP buys product from ING	1 January 2020	31 December 2022	–
Aggregated transaction amount					**282.6**

D. Transactions relating to the Flour Business of the Indofood Group

Parties to the agreement/arrangement: Name of entity of the group	Parties to the agreement/arrangement: Name of connected party and relationship between the parties	Nature of agreement/arrangement	Period covered by the agreement/arrangement: From	Period covered by the agreement/arrangement: To	Transaction amount for the year ended 31 December 2020 (US$ millions)
PT Indofood Sukses Makmur Tbk-Bogasari Division (Bogasari)	NIC, an associate of Mr. Salim	Bogasari sells flour to NIC	1 January 2020	31 December 2022	14.9
Bogasari	FFI, an associate of Mr. Salim	Bogasari sells spaghetti and flour to FFI	1 January 2020	31 December 2022	0.5
ISM and its subsidiaries	Indotek Konsultan Utama (IKU), an associate of Mr. Salim	IKU provides consulting services to ISM and its subsidiaries	1 January 2020	31 December 2022	0.1
ISM and its subsidiaries	Indomobil and its subsidiaries, an associate of Mr. Salim	Indomobi and its subsidiaries sell and rent vehicles, sell spare parts and provide vehicle services to ISM and its subsidiaries	1 January 2020	31 December 2022	4.4
ISM and its subsidiaries	SDM, an associate of Mr. Salim	ISM and its subsidiaries use human resources outsourcing services from SDM	1 January 2020	31 December 2022	5.9
ISM and its subsidiaries	PT Primajasa Tunas Mandiri (PTM), an associate of Mr. Salim	ISM and its subsidiaries use human resources outsourcing services from PTM	1 January 2020	31 December 2022	2.5
Bogasari	Indogrosir, an associate of Mr. Salim	Bogasari sells finished goods to Indogrosir	1 January 2020	31 December 2022	7.8
Bogasari	Shanghai Resources, an associate of Mr. Salim	Bogasari sells pasta products to Shanghai Resources	1 January 2020	31 December 2022	–
Bogasari	Indomaret, an associate of Mr. Salim	Bogasari sells finished goods to Indomaret	1 January 2020	31 December 2022	5.2
ISM and its subsidiaries	PTIS, an associate of Mr. Salim	ISM and its subsidiaries sell by-product to PTIS	1 January 2020	31 December 2022	–
ISM and its subsidiaries	Interflour Group Pte. Ltd. (Interflour) and its subsidiaries (including Eastern Pearl Flour Mills and Interflour Vietnam Ltd.) (Interflour Group), an associate of Mr. Salim	Interflour Group provides manufacturing services to ISM and its subsidiaries. ISM and its subsidiaries sell finished goods to Interflour Group	1 January 2020	31 December 2022	2.2
ISM and its subsidiaries	IDP, an associate of Mr. Salim	ISM and its subsidiaries sell finished goods to IDP	1 January 2020	31 December 2022	0.3
Aggregated transaction amount					**43.8**

E. Transactions relating to the Insurance Policies of the Indofood Group

Parties to the agreement/arrangement: Name of entity of the group	Parties to the agreement/arrangement: Name of connected party and relationship between the parties	Nature of agreement/arrangement	Period covered by the agreement/arrangement: From	Period covered by the agreement/arrangement: To	Transaction amount for the year ended 31 December 2020 (US$ millions)
ISM and its subsidiaries	PT Asuransi Central, Asia (ACA), an associate of Mr. Salim	ACA provides vehicle, property and other assets insurance services to ISM and its subsidiaries	1 January 2020	31 December 2022	6.0
ISM and its subsidiaries	PT A.J. Central Asia Raya (CAR), an associate of Mr. Salim	CAR provides insurance services for personal accident and health to ISM and its subsidiaries	1 January 2020	31 December 2022	4.2
ISM and its subsidiaries	PT Indosurance Broker Utama (IBU), an associate of Mr. Salim	IBU provides insurance services to ISM and its subsidiaries	1 January 2020	31 December 2022	0.3
Aggregated transaction amount					**10.5**

F. Transactions relating to the Beverage Business of the Indofood Group

Parties to the agreement/arrangement: Name of entity of the group	Parties to the agreement/arrangement: Name of connected party and relationship between the parties	Nature of agreement/arrangement	Period covered by the agreement/arrangement: From	Period covered by the agreement/arrangement: To	Transaction amount for the year ended 31 December 2020 (US$ millions)
PT Anugerah Indofood Barokah Makmur (AIBM)	SDM, an associate of Mr. Salim	AIBM uses human resources outsourcing services from SDM	1 January 2020	31 December 2022	0.8
AIBM	Indomobil and its subsidiaries, an associate of Mr. Salim	Indomobil and its subsidiaries sell and rent vehicles, sell spare parts and provide vehicle services to AIBM	1 January 2020	31 December 2022	0.8
AIBM	FFI, an associate of Mr. Salim	AIBM sells drinking products to FFI	1 January 2020	31 December 2022	0.4
AIBM	PTM, an associate of Mr. Salim	AIBM uses human resources outsourcing services from PTM	1 January 2020	31 December 2022	–
Aggregated transaction amount					**2.0**

G. Transactions relating to the Dairy Business of the Indofood Group

Parties to the agreement/arrangement: Name of entity of the group	Parties to the agreement/arrangement: Name of connected party and relationship between the parties	Nature of agreement/arrangement	Period covered by the agreement/arrangement: From	Period covered by the agreement/arrangement: To	Transaction amount for the year ended 31 December 2020 (US$ millions)
ISM and its subsidiaries	Indomobil and its subsidiaries, an associate of Mr. Salim	Indomobil and its subsidiaries sell and rent vehicles, provide vehicle services and sell spare parts to ISM and its subsidiaries	1 January 2020	31 December 2022	2.0
ISM and its subsidiaries	SDM, an associate of Mr. Salim	ISM and its subsidiaries use human resources outsourcing services from SDM	1 January 2020	31 December 2022	1.7
PT Indolakto (Indolakto)	Indomaret, an associate of Mr. Salim	Indolakto sells finished goods to Indomaret	1 January 2020	31 December 2022	2.3
Indolakto	Indogrosir, an associate of Mr. Salim	Indolakto sells finished goods to Indogrosir	1 January 2020	31 December 2022	0.0
Indolakto	LS, an associate of Mr. Salim	Indolakto sells finished goods to LS	1 January 2020	31 December 2022	–
Indolakto	NIC, an associate of Mr. Salim	Indolakto sells finished goods to NIC	1 January 2020	31 December 2022	2.1
Indolakto	FFI, an associate of Mr. Salim	Indolakto sells finished goods to FFI	1 January 2020	31 December 2022	0.2
Aggregated transaction amount					**8.3**

H. Transactions relating to the Revolving Loan Facility of the Indofood Group

Parties to the agreement/arrangement: Name of entity of the group	Parties to the agreement/arrangement: Name of connected party and relationship between the parties	Nature of agreement/arrangement	Period covered by the agreement/arrangement: From	Period covered by the agreement/arrangement: To	Transaction amount for the year ended 31 December 2020 (US$ millions)
SIMP	IGER Group, an associate of Mr. Salim	SIMP provides a revolving loan facility to IGER Group	1 January 2020	31 December 2022	37.6
Aggregated transaction amount					**37.6**

I. Transactions relating to the Customer Relationship Management Business of the Indofood Group

Parties to the agreement/arrangement: Name of entity of the group	Parties to the agreement/arrangement: Name of connected party and relationship between the parties	Nature of agreement/arrangement	Period covered by the agreement/arrangement: From	Period covered by the agreement/arrangement: To	Transaction amount for the year ended 31 December 2020 (US$ millions)
ISM and its subsidiaries	PT Transcosmos Indonesia (Transcosmos), an associate of Mr. Salim	Transcosmos provides call center services to ISM and its subsidiaries	1 January 2020	31 December 2022	0.3
ISM and its subsidiaries	PT Data Arts Xperience, an associate of Mr. Salim	ISM and its subsidiaries use digital media buying services from PT Data Arts Xperience	1 January 2020	31 December 2022	0.5
ISM and its subsidiaries	PT Popbox Asia, an associate of Mr. Salim	ISM and its subsidiaries brand on PT Popbox Asia's lockers	1 January 2020	31 December 2022	0.2
Aggregated transaction amount					**1.0**

J. Transactions relating to the Packaging Business of the Indofood Group

Parties to the agreement/arrangement: Name of entity of the group	Parties to the agreement/arrangement: Name of connected party and relationship between the parties	Nature of agreement/arrangement	Period covered by the agreement/arrangement: From	Period covered by the agreement/arrangement: To	Transaction amount for the year ended 31 December 2020 (US$ millions)
PT Surya Rengo Containers (SRC)	FFI, an associate of Mr. Salim	SRC sells carton box packaging to FFI	1 January 2020	31 December 2022	0.0
ISM and its subsidiaries	Indomobil and its subsidiaries, an associate of Mr. Salim	Indomobil and its subsidiaries sell and rent vehicles, provide vehicle services and sell spare parts to ISM and its subsidiaries	1 January 2020	31 December 2022	0.9
ISM and its subsidiaries	SDM, an associate of Mr. Salim	ISM and its subsidiaries use human resources outsourcing services from SDM	1 January 2020	31 December 2022	1.0
ISM and its subsidiaries	PTM, an associate of Mr. Salim	ISM and its subsidiaries use human resources outsourcing services from PTM	1 January 2020	31 December 2022	0.2
ICBP-Packaging	NIC, an associate of Mr. Salim	ICBP-Packaging sells packaging materials to NIC	1 January 2020	31 December 2022	–
ICBP-Packaging	Indomaret and its subsidiaries, an associate of Mr. Salim	ICBP-Packaging sells packaging materials to Indomaret and its subsidiaries	1 January 2020	31 December 2022	0.0
ICBP-Packaging	LPI, an associate of Mr. Salim	ICBP-Packaging sells packaging materials to LPI	1 January 2020	31 December 2022	–
Aggregated transaction amount					**2.1**

K. Transactions relating to the Property Business of the Indofood Group

Parties to the agreement/arrangement: Name of entity of the group	Parties to the agreement/arrangement: Name of connected party and relationship between the parties	Nature of agreement/arrangement	Period covered by the agreement/arrangement: From	Period covered by the agreement/arrangement: To	Transaction amount for the year ended 31 December 2020 (US$ millions)
PT Aston Inti Makmur (AIM)	Indomaret, an associate of Mr. Salim	Indomaret rents space from AIM	1 January 2020	31 December 2022	0.0
AIM	PT Central Asia Financial, an associate of Mr. Salim	PT Central Asia Financial rents space from AIM	1 January 2020	31 December 2022	0.1
AIM	IDP, an associate of Mr. Salim	IDP rents space from AIM	1 January 2020	31 December 2022	0.1
AIM	PT Ciptabuana Sukses Lestari, an associate of Mr. Salim	PT Ciptabuana Sukses Lestari rents space from AIM	1 January 2020	31 December 2022	0.3
AIM	CAR, an associate of Mr. Salim	CAR rents space from AIM	1 January 2020	31 December 2022	0.1
AIM	Transcosmos, an associate of Mr. Salim	Transcosmos rents space from AIM	1 January 2020	31 December 2022	0.1
AIM	Bank INA Persada, an associate of Mr. Salim	Bank INA Persada rents space from AIM	1 January 2020	31 December 2022	0.5
Aggregated transaction amount					**1.2**

L. Transactions relating to the Snack Business of the Indofood Group

Parties to the agreement/arrangement: Name of entity of the group	Parties to the agreement/arrangement: Name of connected party and relationship between the parties	Nature of agreement/arrangement	Period covered by the agreement/arrangement: From	Period covered by the agreement/arrangement: To	Transaction amount for the year ended 31 December 2020 (US$ millions)
ISM and its subsidiaries	Indomobil and its subsidiaries, an associate of Mr. Salim	Indomobil and its subsidiaries sell and rent vehicles, provide vehicle services and sell spare parts to ISM and its subsidiaries	1 January 2020	31 December 2022	0.7
Aggregated transaction amount					**0.7**

M. Transactions relating to the Sponsorship Business of the Indofood Group

Parties to the agreement/arrangement: Name of entity of the group	Parties to the agreement/arrangement: Name of connected party and relationship between the parties	Nature of agreement/arrangement	Period covered by the agreement/arrangement: From	Period covered by the agreement/arrangement: To	Transaction amount for the year ended 31 December 2020 (US$ millions)
ISM and its subsidiaries	PT Citra Swara Kreasindo, an associate of Mr. Salim	ISM and its subsidiaries provide sponsorship for branding on PT Citra Swara Kreasindo's events	1 January 2020	31 December 2022	0.2
Aggregated transaction amount					**0.2**

N. Transactions with Substantial Shareholders relating to the Distribution Business of the Indofood Group

Parties to the agreement/arrangement			Period covered by the agreement/arrangement		Transaction amount for the year ended 31 December 2020
Name of entity of the group	Name of connected party and relationship between the parties	Nature of agreement/arrangement	From	To	(US$ millions)
ISM and its subsidiaries	Said Bawazir Trading Corp (SBTC), a substantial shareholder of Indofood Group	ISM and its subsidiaries sell finished goods to SBTC	1 January 2020	31 December 2022*	71.6
ISM and its subsidiaries	Tasali Jordan Trading Institute, an affiliate of SBTC	ISM and its subsidiaries sell finished goods to Tasali Jordan Trading Institute	1 January 2020	31 December 2022*	3.3
Aggregated transaction amount					**74.9**

* Upon completion of Pinehill acquisition on 27 August 2020, the Pinehill Group became a wholly-owned subsidiary company held by ICBP and a consolidated subsidiary of Indofood. The transaction amount for the year was recorded from 27 August 2020 to 31 December 2020.

II. Details of those continuing connected transactions entered into between Maynilad and DMCI Holdings, which are required to be specified by Rule 14A.49 of the Listing Rules are set out below:

Parties to the agreement/arrangement			Period covered by the agreement/arrangement		Transaction amount for the year ended 31 December 2020
Name of entity of the group	Name of connected party and relationship between the parties	Nature of agreement/arrangement	From	To	(US$ millions)
Maynilad Water Services, Inc. (Maynilad)	D.M. Consunji, Inc. (DMCI), a subsidiary of DMCI Holdings, Inc.	Design and Build of 150 MLD Laguna Lake Treatment Plant	28 January 2020	6 July 2023	100.0
Maynilad	DMCI, a subsidiary of DMCI Holdings, Inc.	Supplemental Contract for the 2018 Partial Pipe Relocation due to PNR North Construction Project in Valenzuela City	1 January 2020	14 July 2020	0.1
Maynilad	DMCI, a subsidiary of DMCI Holdings, Inc.	Construction of 900mm Diversion Line from Raw Water Inlet to Clarified Channel (La Mesa Treatment Plant 2)	1 January 2020	28 December 2020	0.7
Aggregated transaction amount					**100.8**

In respect of the financial year ended 31 December 2020, each of the continuing connected transactions has been subject to annual review by the INEDs of the Company pursuant to Rule 14A.55 of the Listing Rules and confirmation of the auditor of the Company pursuant to Rule 14A.56 of the Listing Rules.

The INEDs of the Company have concluded that each continuing connected transaction has been entered into:

- in the ordinary and usual course of business of the Company;
- either on normal commercial terms or, in those instances where there are no sufficient comparable transactions to judge whether they are on normal commercial terms, on terms no less favorable to the Indofood group or to Maynilad than terms available to or from (as appropriate) independent third parties;
- in accordance with the relevant agreements governing them, or the relevant written memorandum recording their terms; and
- on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

Ernst & Young, the Company's independent auditor, was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. Ernst & Young have issued their unqualified letter containing their findings and conclusions in respect of the continuing connected transactions disclosed by the Group in accordance with Rule 14A.56 of the Listing Rules. A copy of the auditor's letter has been provided by the Company to SEHK in accordance with the Listing Rule requirements.

Risk Management and Internal Control

As an investment management and holding company, the Company does not have a separate internal audit department but has a Risk Assessment Committee consisting of one Executive Director and six senior executives which oversees risk management at the Head Office. Also, each of the Group's major operating companies are required to have their own internal audit and risk management functions responsible for the implementation and monitoring of effective internal control systems for operational, financial and regulatory compliance, and risk management. Their effectiveness is continuously evaluated and enhanced by the respective operating companies' audit committees and/or risk committees, which are reviewed by the Company's Risk Assessment Committee and 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 is responsible for maintaining an adequate system of risk management and internal controls in the Group and 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 and associated 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.

In respect of the financial year ended 31 December 2020, the Board confirmed that it has received confirmations from the operating companies' audit committees, risk committees and/or internal auditors/chief risk officers on the effectiveness of their risk management and internal control systems and that there was no significant area of concern to be disclosed.

The key controls and risk management measures undertaken by the operating companies for the year ended 31 December 2020 are summarized below:

Operational Controls

- The Directors and senior executives of the Company actively participate in various Boards of Directors of the operating companies (which includes attending Board Meetings) and such Boards oversee operating companies' operations and financial activities, approve annual budgets, monitor compliance with applicable laws and regulations and the quality of internal and external reporting.

- Prior to investments in new businesses, extensive due diligence regarding the operational, financial, regulatory and ESG aspects and risk management of the concerned businesses are conducted. Risks to investment returns are calibrated and specific measures to manage these risks are also determined.

- Quality and timely monthly management reports and regular Board papers and financial packages, with appropriate analysis of actual operational and financial performance against budgets, forecasts and prior periods, are prepared by the operating companies' management and submitted to their directors for review.

- The management teams of the operating companies continuously evaluate the performances of their businesses and provide periodic operational and financial reforecasts to the Executive Directors and senior executives of the Company for their review.

- The Executive Directors and senior executives of the Company review monthly management reports and conduct regular meetings with the management teams of the operating companies to understand their businesses' actual operational and financial performances against budgets and forecasts, and business risks and strategies.

- To promote good governance, whistleblowing policies and procedures are in place in certain operating companies, which provide stakeholders with clearly defined processes to report concerns to their audit committees about any suspected misconduct, malpractice or irregularity which he/she has become aware of or genuinely suspects that operating companies may have been involved in.

Financial Controls

- The management of each of the operating companies ensures that an efficient capital structure is maintained. Information about the Group's capital management is set out in Note 40 to the Consolidated Financial Statements.

- The finance and treasury teams in each of the operating companies undertake the management of the financial risks relating to foreign exchange, interest rates, liquidity and commodities. Information about the Group's management of its financial risks is set out in the "Financial Review – Financial Risk Management" section and Note 40 to the Consolidated Financial Statements.

Compliance Controls

- The Company Secretary and the legal teams in the operating companies undertake the monitoring of compliance with relevant laws, rules and regulations. In some of the regulated businesses, specific regulatory management groups are established to mitigate risks arising from potential differences with regulators in the interpretation of relevant laws, rules and regulations.

- The financial reporting teams and audit committees in the operating companies ensure that the financial statements of their companies comply with relevant regulatory requirements, financial reporting and accounting standards, and that they are based on suitable accounting policies as well as prudent and reasonable judgments and estimates.

- The treasury teams in the operating companies undertake the monitoring of compliance with relevant covenants for their borrowings.

Risk Management

- The Risk Assessment Committee comprises of one Executive Director and six senior executives of the Company and oversees the Head Office risk management. The Risk Assessment Committee maintains a Risk Matrix with reference to the probability and potential consequences of major risks identified at the Head Office. The Risk Matrix is reviewed by the Audit and Risk Management Committee and the Board on a semi-annual basis.

- During the year, the Audit and Risk Management Committee reviewed and adopted revised Enterprise Risk Management Policies and Procedures for the Company, which comply with the International Standards Organization ISO 31000: 2018 Risk Management – Guidelines (ISO 31000) and are consistent with the risk management policies of the larger Group companies. The Company recognizes four categories of risk which are classified into: Strategic, Financial, Operational and Compliance.

  The major Strategic Risks identified during the year include succession planning, country/political risk in the Philippines and Indonesia, the Company' share price, disposal of non-core assets by the Company and acquisitions and additional investments by the Company. As for Financial Risks, these include currency risk (in particular the Peso and Rupiah exchange rates), constraints on capital raising, impairment, liquidity risk, loan covenants compliance risk and interest rate risk. Operational Risks mainly relate to operating performance of the underlying businesses and pandemic risk. Compliance Risks relate to regulatory risk, ESG risk and cybersecurity risk.

  In order to mitigate the succession planning risk, the Company has made it a regular Board agenda item and appointed Mr. Axton Salim (son of Mr. Anthoni Salim) as a Non-executive Director of the Company on 25 March 2020. The Group has also continued the search process to identify potential talents from within and outside the Group at both the operating company and Company level.

In order to minimize short-term currency risk, the Company hedges expected dividends to be received in the following six months, as well as any consideration or proceeds to be paid/received should a decision to acquire or sell an asset be made. Operating companies try, as far as practicable, to match foreign currency borrowings with corresponding foreign currency denominated revenue/income to reduce the currency mismatch exposure.

Additionally, through participation in the operating units' Board meetings, the Company can regularly review their performance, raise areas of concerns and propose solution/suggestion for improvement. The Company also maintained a good loan covenants compliance track record with a strong monitoring and control system to ascertain compliance.

- To ensure effective implementation of risk management and internal control systems, risk management processes are conducted according to the operating companies' prescribed risk management policies and procedures, based on a risk management framework carefully defined for the effective management of risks at all levels across all operating and functional units in the operating companies.

- Telecommunications – The PLDT Board, with the assistance of its Risk Committee, fulfills its oversight responsibilities for the company's assessment and management of enterprise risks. It reviews and discusses with Management PLDT's major risk exposures and the corresponding risk mitigation measures. PLDT's Risk Committee assists the Board in the performance of its functions to: (i) oversee Management's adoption and implementation of a system for identifying, assessing, monitoring and managing key risk areas; (ii) review Management's reports on PLDT's major risk exposures; and (iii) review Management's plans and actions to minimize, control or manage the impact of such risks.

  PLDT's Group Enterprise Risk Management Department (GRMD), under the leadership of its Chief Risk Management Officer, implements an integrated risk management program with the goal of identifying, analyzing and managing the PLDT Group's risks to an acceptable level, so as to enhance opportunities, reduce threats, and thus sustain competitive advantage. The implementation of the enterprise risk management (ERM) process ensures that critical risks are well understood and effectively managed across all functions and units within the PLDT Group. The GRMD sets guidelines for the identification and analysis of key risk exposures relating to economic, environmental, social and governance factors and the achievement of the organization's strategic objectives, evaluates and categorizes identified risks. It assists on the development of risk mitigation plans for the most important risks of the company. It communicates and reports significant risk exposures, including business risks, control issues and risk mitigation plan to the Risk Committee. The ERM process used by the GRMD is based on the ISO 31000 standard on risk management. The GRMD Head supervises the entire ERM process and spearheads the development, implementation, maintenance and continuous improvement of ERM processes and documentation, and communicates the top risks and status of implementation of risk management strategies and action plans to the Risk Committee and the Board.

  Since 2019, the GRMD engaged an external industry consultant with the aim of updating its policies and processes and helping navigate an ever-changing risk landscape. The consultant conducted an assessment of the GRMD's current ERM practices and proposed solutions on how PLDT could best move forward with improving its ERM practice as a whole. As a result of this engagement, an updated ERM framework was adopted and related processes and policies were redeveloped accordingly. Enhancements include a revised approach to the implementation of the Risk Appetite and the adoption of the 3 Lines of Defense Model – a regulated framework designed to facilitate an effective risk management system by clarifying roles of management, various risk control and compliance oversight functions and Internal Audit. To aid in the implementation of the updated ERM Framework, a new Governance, Risk, and Compliance (GRC) platform was developed to improve the collection of risk information and enhance risk analysis/monitoring capabilities. Implementation of the restructured policies, processes, and tools began in late 2020 with full implementation expected by the end of 2021. These enhancements will help the GRMD to meet regulatory requirements, develop an intelligent risk culture within the company, promote active risk assessment and monitoring, and facilitate real-time reporting of risks.

The GRMD promulgates and encourages the adoption of a standard risk evaluation process focused on the need to properly identify, analyze, evaluate, treat and monitor risks that may affect the achievement of business objectives. A risk assessment exercise was undertaken by the Top Management Team to identify and prioritize the most important risks affecting the PLDT Group for 2020. The top risks, listed in no particular order of criticality, were: (i) prolonged pandemic (ii) customer experience issues and reputational risks; (iii) delivery of transformation initiatives; (iv) competitive situation and economic conditions; (v) rapid speed of disruptive innovations and new technologies; (vi) regulatory changes/political scrutiny; (vii) cyber security incidents and data privacy breaches; (viii) people risks; (ix) inability to design and prepare future mode of operations; and (x) regular occurrence of natural disasters. Treatment strategies have been developed, and mitigation initiatives have been put in place. Risk management activities are continuously monitored and reviewed to ensure that critical risks are appropriately addressed across the organization.

- Consumer food products – Enterprise risk management (ERM) is undertaken through a top-down approach that involves the BOD in the evaluation of high-level risks and a bottom-up approach where subsidiaries and business units assess risks specific to their operations. The Corporate ERM team consolidates the key risks to get a holistic view of Indofood's risks, and reports to the BOD and the Audit Committee periodically. The top risks were (i) pandemic risk arising from current virus outbreak that might result in severe health problems to workers, closure of facilities, disturbance of operational activities and negative publicity; (ii) health and safety risks; (iii) food safety and quality risk; (iv) raw material risk; (v) competition risk; (vi) publicity and reputational risks; (vii) environmental risk; (viii) sustainability risk; (ix) talent and people risk; and (x) system and information risk.

  As a packaged food and beverage producer, Indofood is exposed to food safety risks for the products it produces and markets. Indofood imposes stringent controls across all stages of raw material sourcing, manufacturing, and product distribution. Indofood's standard operating procedures embody the principles of good manufacturing practices and adhere to international quality and food safety standards such as ISO 9001, ISO 22000, and FSSC 22000. All Indofood's products are halal certified. Indofood mitigates risks by complying with applicable governmental regulations and protocols, conducting preventive procedures and safety measures, monitoring and auditing health and safety compliance, maintaining buffer stock of raw material, and monitoring material price fluctuations. In addressing the competition risk, Indofood launches competitive marketing advertisement, builds strong brand awareness and brand loyalty, increases sales means through e-commerce, undertakes new product innovation and improves product quality. Indofood manages sustainability risk through strict monitoring of environmental implementation through Indonesian Sustainable Palm Oil (ISPO) certification mechanism, implementation of health and safety among workers, implementing policy relating to prohibition of child labor, protecting freedom of association and collective bargaining, promoting diversity and equal employment opportunity, and protecting employees from all forms of harassment and abuse. Indofood's daily operational activities rely on digital technologies that open to the risk of cyber-attacks. Indofood remains vigilant by implementing a security platform with firewall, automated intrusion prevention system, endpoint security software, availability of demilitarized zone, manage access rights to systems, and conducts IT general controls audits and testing periodically. For contingency planning, a disaster recovery system has been established to ensure business continuity in the event of system disruptions.

- Infrastructure – MPIC, through its Risk Management Committee (RMC), oversees and monitors MPIC Management's adoption of a risk management system. MPIC's RMC has conducted a review of the effectiveness of the MPIC Group's (including its subsidiaries, major associated companies and joint ventures) Enterprise Risk Management (ERM) systems, covering all material strategic, financial operational and compliance risks.

  Specific key risks identified by the MPIC Group and approved by the RMC include: (i) regulatory and political; (ii) liquidity; (iii) human capital; (iv) climate change and related issues; (v) operational execution of investee companies; (vi) business transformation; (vii) cybersecurity; (viii) value realization; (ix) business development; and (x) competition.

In terms of regulatory and political risks, the majority of MPIC's invested capital is deployed into businesses which are directly regulated by arms of the state: electricity distribution; water supply and distribution along with sewage treatment; toll roads and light rail. Each of these businesses has concession or franchise agreements which involve a degree of operating performance obligation in order to retain their rights and earn the expected returns. To manage these risks, the operating companies have dedicated regulatory management groups with experienced personnel. Their duty is to monitor changes in the political and regulatory landscape. They intensify initiatives of its group to support the Government during the pandemic and strengthen alliances with various government leaders, personnel and government counterparts. They proactively seek workable compromises with the government and monitor status of arbitrations, material disputes, regulation and potential changes in the regulatory bodies. They also actively engage with regulators to ensure the preservation of key provisions of contracts of MPIC's various businesses.

In terms of liquidity risk, MPIC regularly reviews and updates the cashflow projections, scenario planning and analysis. They continuously explore fairly-priced asset sales or opportunistic sale of investments/assets. They also closely monitor the performance and operations of investee companies. In terms of human capital risk, MPIC successfully implements vaccination plans for employees, dependents and other household members of its group. They improve talent attraction and retention strategy and regularly review succession planning. In terms of climate change and related matter, they strengthen carbon off-setting and environmental stewardship initiatives, they use clean technologies in their coal operations and increase investment in more efficient water cleaning technology.

In order to minimize recurring losses of smaller investee companies, MPIC ensures operating effectiveness and implementation of controls for newly acquired companies by instituting an MPIC Transition "SWAT" team. They stringently monitor key performance indicators of the existing operating companies. For business transformation risk, MPIC conducts benchmarking with global and local market leaders, embrace disruptive technologies and new business models. They create a "Crisis Management Playbook" and provide training opportunities. In terms of cybersecurity risk, MPIC institutionalizes and enhances current cybersecurity processes across the Group. They consider buying cybersecurity insurance and ensure compliance with the requirements of "Data Privacy Act" on effective leadership and public relations. For value realization risk, MPIC thoroughly screens investments and conducts due diligence while negotiating for the most optimal acquisition value. In terms of business development risk, they present investment proposals to the Finance Committee of the Board for stringent review and exercise strong discipline on bidding and hold operating teams accountable for meeting bid assumptions. As for competition risk, MPIC implements "Demand creation strategy" and enters into long-term supply contracts with new customers. They also appoint management teams in businesses acquired who have expertise in those business segments.

For Meralco, the key risks include adverse court decisions on pending legal cases and proceedings, retroactive application of 4RP reset and prospective lower than expected tariff for 5RP, change in regulation on system loss, delayed approval or non-approval of pass-through related charges; persistent cybersecurity threats and attacks; inability to recover and resume business in case of emergencies, disasters or pandemic, investments in power generation projects that are capital intensive with long gestation periods under a very competitive market, adverse impact on corporate image and reputation of consumer reactions on customer care service, liquidity and cash flow constraints, service downtime/disruption due to aging critical ICT systems and infrastructure, improper handling of personal data and delayed completion and recovery of costs of government relocation projects.

Key mitigation strategies for Meralco's legal risk include closely monitoring the development in recent pending cases, to exhaust legal remedies and to conduct legal research, coordinating with line organizations/experts, engagement and briefing of external counsel, interface/cooperation with industry stakeholders with similar interests, and/or collation of documentary and testimonial evidence. As for regulatory risk, Meralco participates in the deliberations of ERC on proposed rule changes, coalesces with other stakeholders involving PBR, engages qualified/competent technical consultants to conduct study covering comparable locations and operating environment, various manifestation through appearances during public hearings, submission of position papers and briefing materials; and meeting with other DUs and ERC officials. It has also participated in the deliberations with regulators and legislative inquiries at both Congress and Senate to advocate the development of fair and just rules for system loss cap setting. The other thing Meralco has done was to sign up for TCFD which work Meralco will embark on in 2021 to quantify and proactively monitor Meralco's climate-related risks that will have both operational and financial impact to Meralco's businesses.

In terms of cybersecurity risk, Meralco continues to implement Information Security policies and procedures, which are aligned with international standards and the Philippine Data Privacy Act. They regularly conduct awareness campaigns and training such as phishing and cyber crisis simulation to ensure that all employees are aware of the ISMS policies and procedures, as well as the new threats to Meralco's cybersecurity landscape. For business interruption risk, Meralco develops and/or maintains the Busines Continuity Management Systems of the different OL1s organizations and subsidiaries to be aligned with the Corporate Business Continuity Strategy. There is a continuous review and updating of existing disaster recovery procedures and response protocols like Incident Command System and Emergency Operations Center. For investment risk, Meralco has stringent project screening and will only invest in tier 1 projects. It negotiates delayed capital infusion and minimize development risk by limiting site preparation works until an off-taker is definite. For Sustainability, Meralco crafts and articulates long-term sustainability aspirations across Environmental, Social and Governance areas and strategically reduces absolute emissions and emissions intensity over time by greenifying power supply portfolio and driving key initiatives to reduce Scope 1 and 2 emissions.

For GBPC, their key risks include re-contracting risk of coal contracts under MORE (62MW), PEDC-Meralco (70MW), MEZ (30MW) and Carmen Copper (15MW), expiring in 2021; capital projects and expansions risks due to new risk drivers coming from GBPC's new solar ventures: Project Satellite and Project Rope; regulatory risk relating to the potential nullification of the Panay Guimaras 22MW contract; potential loss due to possible retroactive application of CITIRA/CREATE law, delay or non-payment of all of the financial obligations of their customers, exposure of employees to COVID-19 and increasing insurance premium due to shrinking capacity of their power generation and coal plants.

GBPC's mitigation strategies include participating in the CSPs, demand creation strategy by entering into a long-term supply contract with new customers, negotiating and asking for a waiver from the banks should a breach of debt covenants occurs, lower fuel cost and overall headline rate by using low grade coal, and to look for an immediate replacement contract. Meralco will work closely with the local LGU to explore options to ease the acquisition, and to work together with EPC contractor to establish a shorter construction period. It will actively monitor and ensure quick submission of requirements for permits processing.

MPTC's key risks relate to foreign exchange fluctuations due to economic/market and regulatory reaction to the COVID-19 pandemic, possible non-compliance or delay in compliance with new laws, rules and regulations in response to COVID-19 or technology developments and trends, business interruption, cloud servers and services breakdown, major destruction of IT Data Center, structural weakening of Roadway Bridges, delay in completion of construction projects, potential unfavorable resolution of the arbitration case against the government on unrealized and future toll rate adjustments, non-compliance with Data Privacy Law, and cybersecurity.

MPTC's mitigation measures include hedging of funds received, close network with DOLE, strict monitoring of processes, close coordination with clients/customers on compliance with "no-employer-employee" relationship, implementation of Business Continuity Plan, strengthening of existing assets, regular maintenance, improvement of Flood Control and measures, conduct periodic and post structural assessment of assets, continuous dialogue with nearby communities, retain insurance coverage of assets against AON and business interruption, set up Disaster Recovery Site, update Business Continuity Plan and develop/review Disaster Recovery Plans, conduct regular inspections and roadway safety audits, convene regular meetings held by the MPTC Group Level project Team and engaged external counsels where necessary.

For Maynilad, their major risks relate to negative political outlook to water concessionaires due to arising critical issues, passage of a bill transferring the regulation of water service providers to a national body, implementation of regulations imposing penalties for certain obligations in the Concession Agreement (CA), deterioration of volume mix, poor quality of Laguna Lake and Angat Dam water, collection challenges, CA issues, biological hazard from COVID-19 Pandemic, such as longer processing of project permits due to LGU, limited working hours as imposed by LGUs, unplanned equipment and asset downtime due to low or no water supply to our customers, increase in non-revenue water and inefficiencies on water and waste water treatment, external and internal threats to intrusion, system vulnerabilities and DPA non-conformities/issues, inability of third party to cope with the COVID-19 risk factors.

In order to mitigate the risks, Maynilad maintains open communication lines with the CA Review Committee to ensure that the amendments to the CA are fair and reasonable, participate in the hearings of the Committee on Government Reorganization, adopt efforts to improve efficiency in the performance of Service Obligations under the CA, coordinate with the RO and provide them with their own inputs, clarifications and suggested changes, reduce water production from Laguna Lake and Angat Dam water to sustain the quality that complies with the PNSDW, intensify collection of tariff by attaining 110% collection efficiency for 2021, manage 2021 capex and opex budget to ensure sufficient funds to cover trade payables and debt service obligations, create COVID-19 TWG – responsible for the preparation and implementation of COVID-19 health and safety protocols, prioritization and continuity of project paper works and documentation, revise operational procedures to adapt to the current situation, continuing improvement and upgrade of Asset Registry, Asset Hierarchy, Asset Information and Asset criticality, engage cybersecurity advisory and conduct regular update on improving cyber security, engage third party service provide to evaluate the financial capacity of contractors, conduct Vendor due diligence, create standard procedure in managing vendor-related complaints and concerns.

LRMC's major risks relate to health and safety, which have been exacerbated by the pandemic and other infectious diseases, together with business interruption, catastrophe due to natural and manmade events, claims due from the government, terror and malicious acts, spare parts and equipment, infrastructure obsolescence, train and railways accidents, price fluctuations and right of way.

LRMC mitigates these risks by issuance and dissemination of the virus and health precautions, establishing protocols for disinfection and preventive measures, establishing crisis management procedures and system in-pace, establishing Business Continuity Management Program and Disaster Recovery Plan, formalizing and documenting business continuity set-up, establishing crisis management procedures and systems, pushing for the fulfilment on concession agreement deliverables, strengthening internal controls to prevent, detect and mitigate natural/manmade events, establishing comprehensive maintenance protocol and critical spare plan for secondary KPI related equipment, conducting regular inspection and continuous maintenance of infrastructure, establishing crisis management procedure and system in-place, monitoring and including price fluctuation effects in financial forecasting.

- Electricity generation – in order to ensure that it has a robust system of internal controls and risk management framework in place, PLP has established an Audit and Risk Committee (ARC) to oversee the adequacy of internal controls and risk management in the company. The Head of Risk Management (HRM) reports to the ARC and manages PLP's risk management process, which includes oversight of the risk register and risk map, audit of internal controls and the whistle-blowing process. An external auditor has been appointed to audit the internal controls established by the company who will report its findings to the HRM and the ARC regularly.

  During the year, PLP identified potential risks which may affect its ability to (i) hedge underlying exposures at targeted price to lock in projected retail margins; (ii) remain competitive and profitable notwithstanding significant change in regulations; (iii) generate electricity at full capacity; (iv) continue business operations despite disaster events, pandemic outbreak, terrorist attack, cyber-attack and high attrition rate; (v) export electricity due to unplanned plant outage; and (vi) meet budgeted spark spread.

  To manage the identified risks, PLP establishes relationship with potential trading counterpart to expand the current panel list of trading counterparty. PLP strives to improve its financials and positive net worth, which could help improve PLP's credit standing with counterparties. PLP regularly reviews its key supply contracts to ensure their competitiveness. PLP joined as a founding member of the Industry Association which will be a platform to advance advocacy. Regular preventive maintenance and critical spares are kept ensuring that the generation units can run at optimal level. In addition, PLP has in place various response plans such as Emergency Response Plan, Pandemic Readiness and Response plan and Cybersecurity Incident and Data Breach Incident Response Plan to manage the business interruption events identified. Annual BCP exercise is conducted to reinforce the BCP plans and assess its effectiveness. PLP has also bought adequate insurance for business interruption to mitigate the cost/losses. Compensation and benefits are reviewed annually to ensure that it is competitive within the industry.

- Natural resources – Philex has undertaken a risk management program for physical, social, ecological and economic risks inherent in its mining business, thereby ensuring a productive and efficient operation. It employs a comprehensive, integrated risk management program, effected across all levels of the organization, with the goal of identifying, analyzing and managing risks to an acceptable level, so as to increase productivity, enhance opportunities, reduce threats, and thus sustain competitive advantage.

The current global threat of COVID-19 pandemic could create significant negative impact to the operations of Philex as the exposure of Philex's employees to COVID-19 would result in a slowing down of operations, delay in the performance of works and non-attainment of production targets that would put the sustainability of cash flows at risk. Other associated risks relate to suppliers and business partners affected by COVID-19 were also identified, which would translate to additional costs to Philex and would lead to delay or inefficient production process. Considering the evolving nature of this pandemic, Philex cannot determine at this time the impact to its financial position, performance and cash flows. But as an initial and immediate response to the declaration made by the Philippine government on March 16, 2020, through the issuance of Presidential Proclamation No. 929, putting the entire area where the Philex workforce and business are located under Enhanced Community Quarantine, Philex has imposed guidelines and preventive measures against its employees' exposure to COVID-19 and programs to mitigate the risks to Philex's operations.

In terms of Regulatory risk, pending mining Bills in the Philippine Congress and changes in regulatory policies could result in an imposition of new taxes in the mining industry, or renewal of the Mineral Production Sharing Agreement No. 149 (MPSA No. 149), which can adversely impact the financial viability of the upcoming new projects, such as the Silangan project.

In terms of Strategic risk, mining operations are constrained by an ore body's life of mine and its sustainability depends largely on the pipeline of commercially viable mining deposits. There can be no assurance that the exploration of mining tenements, where Philex has legal and valid interests in, will result in the establishment of commercially viable mining operations. In terms of extending Padcal's life of mine, while there are exploration activities ongoing for new ore sources within the surrounding areas of Padcal, Philex is contending with various issues in identifying potential sites causing unforeseen delays in exploration timelines. There is also a delay in the launching of the Silangan project due to the lukewarm investors' sentiment over the mining industry in the Philippines under the current regulatory environment.

In terms of Financial risks, there are events that could have an impact on Philex's financial performance, cash flows, and financial position. It relates to the ability of the company to achieve both production and financial targets due to lower metal prices, higher operating costs related to ageing equipment, and pillar instability underground and that can cause stoppage of its mining operations. There is a possible write-off of mine and mining assets. Philex maintains critical mining equipment spare parts and supplies that may not be totally used at the end of mine life. In addition, the company has a number of mining tenements in various areas nationwide. These assets are the subject of provisions, which can have material impact on Philex's financial position.

Philex's operational risks are developments that could disrupt normal operations and affect the overall occupational health and safety and financial performance at the Padcal Mine, whether natural or man-made: including (i) acts of terrorism and insurgency threats which may affect the transport of ore from the Padcal mine site to the Poro Port installation for shipment; (ii) possible structural failure or physical damage to Tailings Dam (TSF 3) that may be caused by the occurrence of an earthquake stronger than the 1990 earthquake with magnitude of 7.8.

In order to mitigate those risks, Philex will continue to process and follow up with the submitted application for early renewal of MPSA No. 149, prior to its expiration by 2024. Philex has regular and timely liaison with suppliers and respective government agencies to ensure potential effect to suppliers of new stringent government measures will be addressed ahead of its implementation. Philex management will implement the agreed structural reinforcement of the TSF 3 and raising of the embankment based on the design prepared by external consultants. It will closely monitor the progress and quality of works on TSF 3. In order to mitigate the risk of COVID-19, Philex will implement strict community quarantine guidelines as defined by the Inter-Agency Task Force (IATF) and Department of Health (DOH), including heightened control of exit and entry of community members, social distancing, home quarantine and no visitor policy.

- Risk assessments are conducted regularly by each operating company's management team and reported to its audit and/or risk committee and its board of directors. The audit and/or risk committees of the operating companies meet with internal and external auditors as well as the operating companies' management teams regularly to communicate on issues regarding the operating companies' risks in order to ensure accuracy of risk assessment reports and proper implementation of the reported risk mitigation strategies and controls.

During the year ended 31 December 2020, 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.

Remuneration Policy

Details of Directors' remuneration for the year are set out in Note 37 to the Consolidated Financial Statements. The remuneration of senior executives, including Directors, consists of the following:

Salary and Benefits

Salary reflects an executive's experience, responsibility and market value. Salary adjustments are based on effective management of the Company and on increased responsibility, with consideration of cost of living and the expected pay increases in the market. Benefits principally comprise housing allowance, educational support and health care, and are consistent with those provided by comparable companies.

Bonus and Long-term Incentives

Bonuses are based on the achievement of performance targets, and normally correlate with annual profit movements. Long-term incentives comprise monetary payments, share options and/or share awards that link reward to the achievement of predetermined objectives, such as, retention of key employees for the Group's operations and future development, achievement of recurring profit targets. The value of the long-term incentive offered to each executive is related to job grade and contribution to the management of the business.

Fees

It is the Company's policy that it does not pay any fees to the Company's Executive Directors for attending Board or Board Committee meetings, and shareholder meetings. As for the Company's NEDs (including the INEDs), they are paid the sum of US$7,000 for each meeting of the Board (which he or she attends in person or by telephone conference call) and each general meeting of shareholders (which he or she attends in person); and the sum of US$6,000 for each meeting of Board Committees (which he or she attends in person or by telephone conference call).

Pension Contributions

The Company operates defined contribution schemes, in respect of which contributions are determined on the basis of basic salary and length of service.

Financial Performance and Position

Analysis of Consolidated Income Statement

An analysis of the Group's 2020 reported results compared with 2019's follows.

For the year ended 31 December US$ millions	2020	2019 (Restated)	% Change
Turnover	**7,130.5**	7,585.0	-6.0
Gross profit	**2,308.3**	2,283.8	+1.1
Operating expenses	**(1,223.9)**	(1,241.9)	-1.4
Other operating expenses, net	**(50.5)**	(526.9)	-90.4
Net finance costs	**(373.8)**	(361.5)	+3.4
Share of profits less losses of associated companies and joint ventures	**280.0**	327.0	-14.4
Taxation	**(341.6)**	(444.4)	-23.1
Profit for the year from a discontinued operation	**69.1**	85.0	-18.7
Non-controlling interests	**(466.0)**	(375.0)	+24.3
Recurring profit	**321.2**	290.0	+10.8
Profit/(loss) attributable to owners of the parent	**201.6**	(253.9)	–

Significant changes in the consolidated income statement items are explained as follows:

Turnover – decreased by 6.0%, mainly reflecting the decrease in MPIC's revenues and the impact of the depreciation in the average rupiah exchange rate against the U.S. dollar of 3.4%, partly offset by the growth in Indofood's sales and the impact of the appreciation in the average peso exchange rate against the U.S. dollar of 4.2%. The decrease in MPIC's revenues mainly reflects the impacts of community quarantine restrictions and the deconsolidation of MPHHI from December 2019, while the increase in Indofood's sales mainly reflects an increase in average selling prices for all major products and the consolidation of Pinehill since September 2020.

Gross profit – increased by 1.1%, mainly reflecting an increase in gross profit at Indofood and the impact of the appreciation in the average peso exchange rate against the U.S. dollar, partly offset by the decrease in gross profits at MPIC and RHI, and the impact of the depreciation in the average rupiah exchange rate against the U.S. dollar. The increase in gross margin (2020: 32.4% vs 2019: 30.1% (Restated)) mainly reflects an increase in Indofood's gross margin (2020: 32.7% vs 2019: 29.7%) as a result of a higher average selling price and sales volume of noodles.

Operating expenses – decreased by 1.4%, mainly reflecting the deconsolidation of MPHHI and the deprecation in the average rupiah exchange rate against the U.S. dollar, partly offset by higher promotion and employee expenses at Indofood, consolidation of Pinehill, and the appreciation in the average peso exchange rate against the U.S. dollar.

Other operating expenses, net – the decrease mainly reflects lower impairment provisions, and the absence of the Group's loss on disposal of Goodman Fielder, partly offset by the absence of MPIC's gain on deconsolidation of MPHHI.

Net finance costs – increased by 3.4%, mainly reflecting higher finance costs from Indofood's acquisition loans for Pinehill and higher average debt level at MPIC for its investments and capital expenditure, a lower interest income and the appreciation in the average peso exchange rate against the U.S. dollar, partly offset by the depreciation in the average rupiah exchange rate against the U.S. dollar.

Share of profits less losses of associated companies and joint ventures – decreased by 14.4%, mainly reflecting the lower profit contribution from Meralco, partly offset by higher profit contributions from PLDT and Philex, and the appreciation in the average peso exchange rate against the U.S. dollar.

Taxation – decreased by 23.1%, principally reflecting a lower taxable profit at MPIC, the absence of MPIC's provision for capital gains tax in respect of MPHHI transaction, and the depreciation in the average rupiah exchange rate against the U.S. dollar, partly offset by a higher taxable profit at Indofood and the appreciation in the average peso exchange rate against the U.S. dollar.

Profit for the year from a discontinued operation – decreased by 18.7%. The amount represents GBPC's profit for the year which is classified as a discontinued operation in December 2020. The decrease mainly reflects a lower energy fee and a higher staff cost, partly offset by a higher share of profit from its associated company.

Non-controlling interests – increased by 24.3%, mainly attributable to consolidation of Pinehill and a higher profit at Indofood, partly offset by a lower profit at MPIC.

Recurring profit – increased by 10.8%, mainly reflecting higher recurring profit contributions from Indofood, PLDT and Philex, a lower loss at PLP, and lower Head Office net interest expenses and corporate overhead, partly offset by a lower recurring profit contribution from MPIC and a higher loss from RHI.

Profit/(loss) attributable to owners of the parent – a profit instead of a loss mainly reflecting a higher recurring profit and lower non-recurring losses.

Analysis of Consolidated Statement of Financial Position

An analysis of the Group's consolidated statement of financial position at 31 December 2020 compared with 31 December 2019's follows.

At 31 December US$ millions	2020	2019	% change
Property, plant and equipment	**4,038.1**	4,938.7	-18.2
Associated companies and joint ventures	**5,314.4**	4,787.7	+11.0
Goodwill	**4,366.3**	693.2	+529.9
Other intangible assets	**5,927.3**	5,004.7	+18.4
Cash and cash equivalents(i)	**2,428.0**	2,952.4	-17.8
Other assets	**4,869.5**	3,505.8	+38.9
Total Assets	**26,943.6**	21,882.5	+23.1
Borrowings	**10,633.6**	8,930.8	+19.1
Other liabilities	**5,681.5**	4,193.7	+35.5
Total Liabilities	**16,315.1**	13,124.5	+24.3
Net Assets	**10,628.5**	8,758.0	+21.4
Equity attributable to owners of the parent	**3,140.0**	2,928.7	+7.2
Non-controlling interests	**7,488.5**	5,829.3	+28.5
Total Equity	**10,628.5**	8,758.0	+21.4

(i) Includes short-term deposits and restricted cash

Significant changes in the consolidated statement of financial position items are explained as follows:

Property, plant and equipment – decreased by 18.2%, mainly reflecting the classification of GBPC's property, plant and equipment to assets classified as held for sale, depreciation, disposal of La Carlota assets, impairment provisions made during the year, partly offset by capital expenditure incurred by Indofood and MPIC, Indofood's consolidation of Pinehill and investments in newly planted area and maintenance of immature plantations, and a retranslation effect (mainly reflecting the appreciation of the closing exchange rates of the peso and S$ against the U.S. dollar of 5.5% and 1.8%, respectively, partly offset by the depreciation of the closing exchange rate of the rupiah against the U.S. dollar of 1.4%).

Associated companies and joint ventures – increased by 11.0%, mainly reflecting Indofood's equity account for Dufil Prima Foods Plc ("DUFIL"), an associated company of Pinehill, the Group's share of net profits from Meralco and PLDT, and a retranslation effect (mainly reflecting the appreciation of the closing exchange rate of the peso against the U.S. dollar), partly offset by payments of dividends by the associated companies.

Goodwill – increased by 529.9%, mainly reflecting the provisional goodwill arising from Indofood's acquisition of Pinehill.

Other intangible assets – increased by 18.4%, mainly reflecting MPIC's capital expenditure for its water, toll road and rail concessions, and a retranslation effect (mainly reflecting the appreciation of the closing exchange rate of the peso against the U.S. dollar), partly offset by amortization.

Cash and cash equivalents – decreased by 17.8%, mainly reflecting the Group's payments for the acquisition of Pinehill and other investments, capital expenditure, distributions/dividends to shareholders of the Company and non-controlling shareholders of its subsidiary companies, and MPIC's shares buyback, partly offset by operating cash inflows from Indofood and MPIC, net new borrowings, dividends from associated companies, proceeds from MPIC's divestments of a 19.2% interest in LRMC and a 10.3% interest in MUN, the receipts of second and final instalments from the divestment of a 40.1% interest in MPHHI, and a retranslation effect (mainly reflecting the appreciation of the closing exchange rate of the peso against the U.S. dollar, partly offset by the depreciation of the closing exchange rate of the rupiah against the U.S. dollar).

Other assets – comprising biological assets, investment properties, accounts receivable, other receivables and prepayments, financial assets at fair value through other comprehensive income, deferred tax assets, other non-current assets, inventories and assets classified as held for sale, increased by 38.9%, mainly reflecting the increase in assets classified as held for sale following the classification of GBPC as a disposal group held for sale, Indofood's consolidation of Pinehill and a retranslation effect (mainly reflecting the appreciation of the closing exchange rate of the peso against the U.S. dollar, partly offset by the depreciation of the closing exchange rate of the rupiah against the U.S. dollar), partly offset by the utilization of Indofood's advances for acquisition of property, plant and equipment and the receipt of second and final instalments from the divestment of a 40.1% interest in MPHHI.

Borrowings – increased by 19.1%, mainly reflecting Indofood's net new borrowings for financing its acquisition of Pinehill and capital expenditure, MPIC's net new borrowings for financing its investments and capital expenditure, and a retranslation effect (mainly reflecting the appreciation of the closing exchange rate of the peso against the U.S. dollar, partly offset by the depreciation of the closing exchange rate of the rupiah against the U.S. dollar), partly offset by the reclassification of GBPC's borrowings to liabilities directly associated with the assets classified as held for sale and RHI's early repayment of borrowings with the proceeds from disposal of La Carlota assets.

Other liabilities – comprising accounts payable, other payables and accruals, provision for taxation, deferred liabilities, provisions and payables, liabilities directly associated with the assets classified as held for sale and deferred tax liabilities, increased by 35.5%, mainly reflecting ICBP's retention payable in relating to acquisition of Pinehill and consolidation of Pinehill, increase in liabilities directly associated with the assets classified as held for sale following the classification of GBPC as a disposal group held for sale, and a retranslation effect (mainly reflecting the appreciation of the closing exchange rate of the peso against the U.S. dollar, partly offset by the depreciation of the closing exchange rate of the rupiah against the U.S. dollar), partly offset by MPIC's instalment payments for its acquisition of 50% interest in Beacon Electric Asset Holdings, Inc. ("Beacon Electric") from PLDT Communications and Energy Ventures, Inc. ("PCEV").

Equity attributable to owners of the parent – increased by 7.2%, mainly reflecting the Group's net profit for 2020 (US$201.6 million) and a favorable movement in the Group's exchange reserve (mainly reflecting the appreciation of the closing exchange rate of the peso against the U.S. dollar, partly offset by the depreciation of the closing exchange rate of the rupiah against the U.S. dollar), partly offset by the Company's payments for 2019 final distribution (US$39.2 million) and 2020 interim distribution (US$39.2 million).

Non-controlling interests – increased by 28.5%, mainly reflecting Indofood's consolidation of Pinehill, the share of profits by non-controlling shareholders, and a retranslation effect (mainly reflecting the appreciation of the closing exchange rate of the peso against the U.S. dollar, partly offset by the depreciation of the closing exchange rate of the rupiah against the U.S. dollar), partly offset by dividends paid to non-controlling shareholders by Indofood, MPIC and their subsidiary companies, the Group's increase in its effective interest in MPIC, and Indofood's acquisition of additional interests in IndoAgri.

Liquidity and Financial Resources
Analysis of Consolidated Statement of Cash Flows

An analysis of the Group's 2020 consolidated statement of cash flows compared with 2019's follows.

For the year ended 31 December US$ millions	2020	2019	% change
Operating Activities			
Net cash flows from operating activities	**1,036.6**	1,455.5	-28.8
Investing Activities			
Dividends received	**262.5**	270.7	-3.0
Net capital expenditure	**(957.2)**	(1,357.7)	-29.5
Acquisitions, investments and disposals	**(2,253.2)**	753.3	–
Financing Activities			
Net new borrowings	**2,010.4**	234.9	+755.9
Dividends/distributions paid	**(329.6)**	(301.7)	+9.2
Other financing cash flows	**(115.4)**	(67.4)	+71.2
Net (Decrease)/Increase in Cash and Cash Equivalents	**(345.9)**	987.6	–
Cash and cash equivalents at 1 January(i)	**2,650.8**	1,613.4	+64.3
Exchange translation	**58.3**	49.8	+17.1
Cash and Cash Equivalents at 31 December(i)	**2,363.2**	2,650.8	-10.8

(i) Includes short-term deposits, bank overdrafts, and cash and cash equivalents attributable to a discontinued operation, but excludes short-term deposits with original maturity of more than three months

Significant changes in the consolidated statement of cash flows items are explained as follows:

Net cash flows from operating activities – decreased by 28.8%, mainly reflecting decrease in operating cash inflow at MPIC largely attributable to the decline in operating activities under quarantine measures imposed by the Philippine Government in responses to the COVID-19 outbreak, partly offset by the increase in operating cash inflow at Indofood.

Dividends received – decreased by 3.0%, mainly reflecting the absence of dividend income from Goodman Fielder after the disposal in 2019.

Net capital expenditure – decreased by 29.5%, mainly reflecting lower capital expenditure on service concession assets and property, plant and equipment at MPIC due to the delay in projects caused by the pandemic, and the proceeds from disposal of La Carlota assets.

Acquisitions, investments and disposals – 2020's net cash outflow principally relates to Indofood's acquisition of Pinehill (US$2,253.8 million) and MPIC's instalment payments for its acquisition of 50% interest in Beacon Electric from PCEV (US$114.1 million), partly offset by the receipts of second and final instalments from the divestment of a 40.1% interest in MPHHI (US$80.9 million). 2019's net cash inflow principally relates to the net proceeds from the divestment in MPHHI (US$430.2 million), and the disposal of Goodman Fielder (US$275.0 million) and Hawaiian-Philippine Company Inc. (US$16.7 million), proceeds from Indofood's disposal of financial assets at fair value through other comprehensive income (US$306.3 million) and receipt of the final instalment for its disposal of the remaining 29.9% interest in China Minzhong Food Corporation Limited (US$47.6 million), partly offset by the Group's investments in short-term deposits with original maturity of more than three months (US$183.0 million) and MPIC's instalment payments for its acquisition of 50% interest in Beacon Electric from PCEV (US$86.3 million).

Net new borrowings – increased by 755.9%. 2020's net cash inflow principally relates to net proceeds from borrowings at Indofood (mainly for the acquisition of Pinehill) (US$2,131.0 million) and net proceeds from borrowings at MPIC (US$218.4 million), partly offset by Head Office's redemption and repurchase of bonds maturing in September 2020 (US$251.8 million) and in May 2025 (US$58.5 million), respectively, and RHI's early repayment of borrowings with the proceeds from disposal of La Carlota assets (US$83.3 million). 2019's net cash inflow principally relates to net proceeds from borrowings at MPIC (US$692.9 million), partly offset by Indofood's net repayment of borrowings (US$409.1 million).

Dividends/distributions paid – increased by 9.2%. The amount represents the payments of 2019 final distribution and 2020 interim distribution by the Company to its shareholders and the payments of dividends by its subsidiary companies to their non-controlling shareholders. The increase principally reflects increases in distributions paid by the Company and dividends paid by Indofood and its subsidiary companies, partly offset by a decrease in dividends paid by MPIC's subsidiary companies.

Other financing cash flows – increased by 71.2%. 2020's net cash outflow mainly relates to MPTC's and Maynilad's payments of concession fees payable (US$117.2 million), MPIC's shares buyback (US$69.2 million), the Group's settlement of principal portion of lease payments (US$34.1 million) and Indofood's acquisition of additional interests in IndoAgri (US$5.1 million), partly offset by proceeds from divestments of a 19.2% interest in LRMC and a 10.3% interest in MUN (US$94.0 million) and capital contributions from non-controlling shareholders (US$16.8 million). 2019's net cash outflow mainly relates to MPIC's acquisition of additional interests in MUN (US$67.1 million), Indofood's acquisition of additional interests in IndoAgri (US$23.8 million), Maynilad's payment of concession fees payable (US$32.4 million) and the Group's settlement of principal portion of lease payments (US$20.0 million), partly offset by capital contributions from non-controlling shareholders (US$82.7 million).

Net Debt and Gearing

(A) Head Office Net Debt

The decrease in net debt mainly reflects an increase in net cash inflow from operating activities as a result of increased dividend income and reduction in interest expense. The Head Office's borrowings at 31 December 2020 comprise bonds of US$824.8 million (with an aggregated face value of US$828.3 million) which are due for redemption between April 2023 and September 2027, and bank loans of US$606.1 million (with a principal amount of US$610.0 million) which are due for repayment between January 2022 and June 2029.

Changes in Head Office Net Debt

US$ millions	Borrowings	Cash and cash equivalents	Net debt
At 1 January 2020	1,655.6	(325.0)	1,330.6
Movement	(224.7)	213.6	(11.1)
At 31 December 2020	**1,430.9**	**(111.4)**	**1,319.5**

Head Office Cash Flow

For the year ended 31 December US$ millions	2020	2019
Dividend and fee income	**189.9**	165.1
Head Office overhead expense	**(17.3)**	(17.8)
Net cash interest expense	**(55.2)**	(72.5)
Tax paid	**(0.6)**	(0.4)
Net Cash Inflow from Operating Activities	**116.8**	74.4
(Net investments)/net proceeds on sale of investment[(i)]	**(14.2)**	218.8
Financing activities		
– Distributions paid	**(78.4)**	(66.6)
– (Repayment of)/new borrowings, net	**(234.3)**	13.5
– Others[(ii)]	**(3.5)**	(4.6)
Net (Decrease)/Increase in Cash and Cash Equivalents	**(213.6)**	235.5
Cash and cash equivalents at 1 January	**325.0**	89.5
Cash and Cash Equivalents at 31 December	**111.4**	325.0

(i) Principally represent net proceeds from disposal of Goodman Fielder less investments in PLP in 2019
(ii) Mainly payments for lease liabilities and to 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) 2020**	**Total equity 2020**	**Gearing (times) 2020**	Net debt(i) 2019	Total equity 2019	Gearing (times) 2019
Head Office	**1,319.5**	**1,621.2**	**0.81x**	1,330.6	1,740.0	0.76x
Indofood	**2,548.1**	**5,598.2**	**0.46x**	664.2	3,886.0	0.17x
MPIC	**3,762.8**	**5,079.5**	**0.74x**	3,361.0	4,842.5	0.69x
FPM Power	**468.4**	**(42.9)**	**–**	448.5	–	–
FP Natural Resources	**106.8**	**55.3**	**1.93x**	174.1	167.0	1.04x
Group adjustments(ii)	**–**	**(1,682.8)**	**–**	–	(1,877.5)	–
Total	**8,205.6**	**10,628.5**	**0.77x**	5,978.4	8,758.0	0.68x

Associated Companies

US$ millions	**Net debt(i) 2020**	**Total equity 2020**	**Gearing (times) 2020**	Net debt(i) 2019	Total equity 2019	Gearing (times) 2019
PLDT	**3,801.1**	**2,492.0**	**1.53x**	3,321.2	2,296.6	1.45x
Philex	**182.6**	**504.5**	**0.36x**	187.2	453.6	0.41x

(i) Includes short-term deposits and restricted cash
(ii) 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 increased because of a decrease in its equity during the year and the Company's distributions to shareholders.

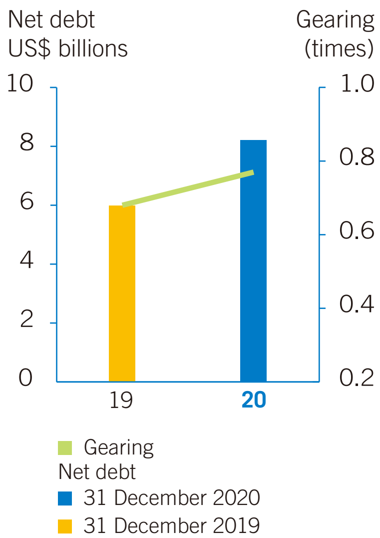
Indofood's gearing increased because of an increase in its net debt as a result of acquisition loans for Pinehill and its payments for capital expenditure, despite its operating cash inflow, partly offset by an increase in its equity reflecting Indofood's consolidation of Pinehill and profit recorded during the year.

MPIC's gearing increased because of an increase in its net debt as a result of its payments for capital expenditure and concession fees, shares buyback and instalment payments for its acquisition of 50% interest in Beacon Electric from PCEV, despite a reclassification of GBPC's bank borrowings to liabilities of a disposal group, its operating cash inflow, dividends received from Meralco and proceeds from divestments of a 19.2% interest in LRMC and a 10.3% interest in MUN, and the second and final instalments 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 during the year.

FPM Power's net debt increased because of an appreciation of the S$ against U.S. dollar during the year. The deficit mainly reflects PLP's loss recorded during the year.

FP Natural Resources' gearing increased because of a decrease in its equity reflecting the Group's impairment provisions for investment in RHI and loss on disposal of La Carlota assets, partly offset by a decrease in its net debt reflecting the early repayment of bank loans with the proceeds from disposal of La Carlota assets.

Net Debt and Gearing



The Group's gearing increased to 0.77 times because of a higher net debt level mainly as a result of Indofood's acquisition loans to finance the investment in Pinehill and the Group's payments for investments and capital expenditure, despite an increase in the Group's equity reflecting the consolidation of Pinehill and the Group's profit for the year.

PLDT's gearing increased mainly because of an increase in its net debt reflecting its payments for capital expenditure. Philex's gearing decreased mainly because of a decrease in its net debt reflecting its operating cash inflow.

Maturity Profile

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

Consolidated

	Carrying amounts		Nominal values	
US$ millions	**2020**	2019	**2020**	2019
Within one year	**1,659.7**	2,262.8	**1,662.5**	2,268.2
One to two years	**867.9**	710.0	**874.2**	713.3
Two to five years	**4,113.2**	2,597.6	**4,127.4**	2,617.3
Over five years	**3,992.8**	3,360.4	**4,016.3**	3,369.2
Total	**10,633.6**	8,930.8	**10,680.4**	8,968.0

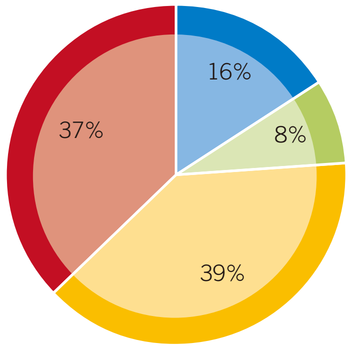
The change in the Group's debt maturity profile from 31 December 2019 to 31 December 2020 mainly reflects a shift in long-term borrowings among the different maturity periods for the Group, Head Office's redemption and repurchase of bonds, the Group's net new borrowings, especially for the acquisition of Pinehill, and the reclassification of GBPC's bank borrowings to liabilities of a disposal group. At 31 December 2019, PLP did not meet its financial covenants and as a result, its secured bank loans with principal amount of S$613.0 million (US$445.2 million) became repayable on demand and were classified entirely as current liabilities. In October 2020, PLP completed its negotiations with its lenders and the refinanced bank loans are now classified as non-current liabilities and will mature in December 2026.

Associated Companies

	PLDT				Philex			
	Carrying amounts		Nominal values		Carrying amounts		Nominal values	
US$ millions	**2020**	2019	**2020**	2019	**2020**	2019	**2020**	2019
Within one year	**365.9**	389.5	**368.8**	391.7	**37.0**	50.0	**37.0**	50.0
One to two years	**312.4**	444.9	**315.1**	446.4	**170.4**	–	**179.3**	–
Two to five years	**1,366.1**	1,103.2	**1,373.3**	1,106.8	**–**	152.9	**–**	165.0
Over five years	**2,594.6**	1,864.8	**2,608.1**	1,867.2	**–**	–	**–**	–
Total	**4,639.0**	3,802.4	**4,665.3**	3,812.1	**207.4**	202.9	**216.3**	215.0

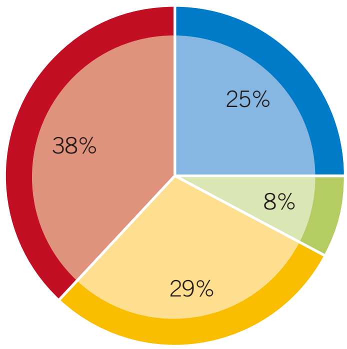
The change in PLDT's debt maturity profile from 31 December 2019 to 31 December 2020 mainly reflects new notes of US$600.0 million issued and borrowings arranged to finance capital expenditure and/or refinance its loan obligations which were utilized for service improvements and expansion programs, and loan repayments. The increase in Philex's debt mainly reflects an appreciation of the peso against U.S. dollar on the peso denominated Silangan Mindanao Exploration Co., Ltd. ("SMECI")'s notes during the year, partly offset by loan repayments.

Maturity Profile of Consolidated Debt 2020



	US$ millions
Within one year	1,659.7
One to two years	867.9
Two to five years	4,113.2
Over five years	3,992.8
Total	**10,633.6**

Maturity Profile of Consolidated Debt 2019



	US$ millions
Within one year	2,262.8
One to two years	710.0
Two to five years	2,597.6
Over five years	3,360.4
Total	**8,390.8**

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 currencies 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 2020 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 US$ millions	Effect on adjusted NAV per share HK cents
Indofood	(i)	21.3	3.83
PLDT	(i)	15.4	2.77
MPIC	(i)	11.8	2.12
Philex	(i)	2.4	0.42
PXP	(i)	1.3	0.23
FP Natural Resources	(ii)	0.3	0.05
Head Office – Other assets	(iii)	1.0	0.19
Total		**53.5**	**9.61**

(i) Based on quoted share prices at 31 December 2020 applied to the Group's economic interests
(ii) Based on quoted share price of RHI at 31 December 2020 applied to the Group's effective economic interest
(iii) Represents the carrying amount of 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	3,572.6	1,544.3	4,551.3	522.8	442.6	**10,633.6**
Cash and cash equivalents(i)	(629.5)	(690.5)	(1,041.0)	(20.1)	(46.9)	**(2,428.0)**
Net Debt	2,943.1	853.8	3,510.3	502.7	395.7	**8,205.6**
Representing:						
Head Office	1,341.8	–	(19.9)	–	(2.4)	**1,319.5**
Indofood	1,494.9	741.1	–	22.7	289.4	**2,548.1**
MPIC	119.3	112.7	3,422.1	–	108.7	**3,762.8**
FPM Power	(11.6)	–	–	480.0	–	**468.4**
FP Natural Resources	(1.3)	–	108.1	–	–	**106.8**
Net Debt	2,943.1	853.8	3,510.3	502.7	395.7	**8,205.6**

Associated Companies

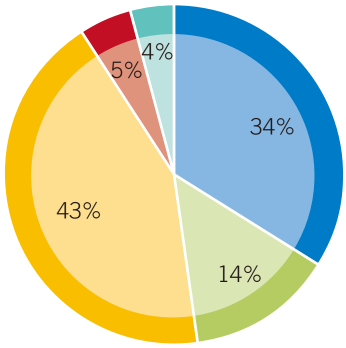
US$ millions	US$	Peso	Others	**Total**
Net Debt				
PLDT	521.2	3,287.1	(7.2)	**3,801.1**
Philex	18.3	164.3	–	**182.6**

(i) Includes short-term deposits and restricted cash

Details of changes in Head Office net debt are set out on page 93.

Maynilad carries certain U.S. dollar debts which were arranged for financing its capital expenditure. Under its concession agreement with MWSS of the Philippine government for the provision of water and sewerage services in the area of West Metro Manila, Maynilad is entitled to rate adjustments which enable Maynilad to recover/account for present and future foreign exchange losses/gains until the expiration date of the concession on a quarterly basis.

Analysis of Total Borrowings by Currency



	US$ millions
US$	3,572.6
Rupiah	1,544.3
Peso	4,551.3
S$	522.8
Others	442.6
Total	**10,633.6**

Meralco's debt is substantially denominated in peso. Therefore, any change of the U.S. dollar to peso exchange rate will not have a significant impact on Meralco's principal and interest payments. In addition, Meralco is allowed to recover foreign exchange differences on foreign currency denominated loans through adjustments in its customers' billing in accordance with its local regulations.

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)]	1,341.8	–	1,341.8	–	**–**
Indofood	1,494.9	–	1,494.9	15.0	**5.8**
MPIC	119.3	–	119.3	1.2	**0.4**
FPM Power	(11.6)	–	(11.6)	(0.1)	**(0.0)**
FP Natural Resources	(1.3)	–	(1.3)	(0.0)	**(0.0)**
PLDT	521.2	(17.7)	503.5	5.0	**0.9**
Philex	18.3	–	18.3	0.2	**0.1**
Total	**3,482.6**	**(17.7)**	**3,464.9**	**21.3**	**7.2**

(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.

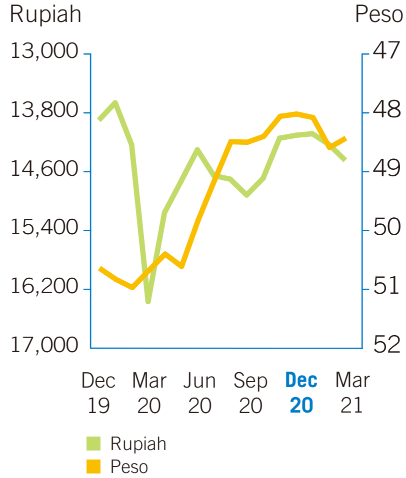
Equity Market Risk

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.

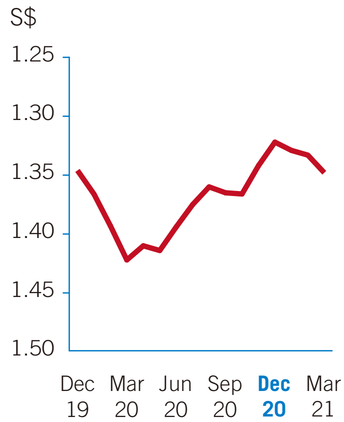
First Pacific's listed investments are located in Indonesia, the Philippines and Singapore. Accordingly, in addition to operating factors within the Company's control, the Company also has an equity market risk in respect of general investor sentiment towards these countries. Changes in the stock market indices of Indonesia, the Philippines and Singapore are summarized as follows:

	Jakarta Composite Index	**Philippine Composite Index**	**Singapore Straits Times Index**
At 31 December 2019	6,300	7,815	3,223
At 31 December 2020	**5,979**	**7,140**	**2,844**
Decrease during 2020	–5.1%	–8.6%	–11.8%
At 29 March 2021	6,167	6,608	3,176
Change during 1 January 2021 to 29 March 2021	+3.1%	–7.5%	+11.7%

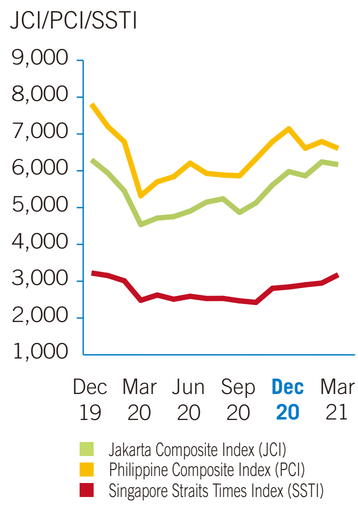
Rupiah and Peso Closing Rates Against the U.S. Dollars



Singapore Dollars Closing Rates Against the U.S. Dollars



Stock Market Indices



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	1,052.7	378.2	(111.4)	**1,319.5**
Indofood	141.6	3,635.6	(1,229.1)	**2,548.1**
MPIC	4,317.2	500.9	(1,055.3)	**3,762.8**
FPM Power	–	497.0	(28.6)	**468.4**
FP Natural Resources	84.3	26.1	(3.6)	**106.8**
Total	**5,595.8**	**5,037.8**	**(2,428.0)**	**8,205.6**

Associated Companies

US$ millions	Fixed interest rate borrowings(i)	Variable interest rate borrowings(i)	Cash and cash equivalents(ii)	Net debt
PLDT	3,992.5	646.5	(837.9)	**3,801.1**
Philex	170.4	37.0	(24.8)	**182.6**

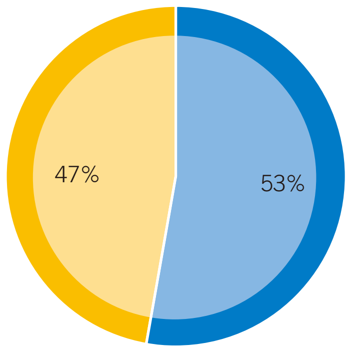
(i) Reflects certain interest rate swap agreements which effectively changed variable interest rate borrowings to fixed interest rate borrowings at Head Office and PLDT

(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	378.2	3.8	**3.8**
Indofood	3,635.6	36.3	**14.2**
MPIC	500.9	5.0	**1.5**
FPM Power	497.0	5.0	**1.7**
FP Natural Resources	26.1	0.3	**0.1**
PLDT	646.5	6.4	**1.2**
Philex	37.0	0.4	**0.1**
Total	**5,721.3**	**57.2**	**22.6**

Interest Rate Profile



	US$ millions
Fixed	5,595.8
Variable	5,037.8
Total	**10,633.6**

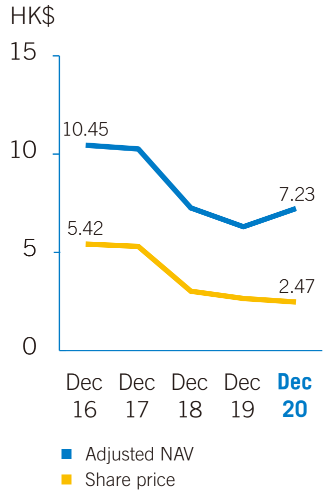
Adjusted NAV Per Share

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

At 31 December US$ millions	Basis	2020	2019
Indofood	(i)	**2,134.9**	2,506.2
PLDT	(i)	**1,541.5**	1,077.8
MPIC	(i)	**1,178.5**	908.7
Philex	(i)	**235.2**	127.5
PXP	(i)	**127.3**	94.8
FP Natural Resources	(ii)	**27.1**	25.5
Head Office – Other assets	(iii)	**104.9**	99.5
– Net debt		**(1,319.5)**	(1,330.6)
Total Valuation		**4,029.9**	3,509.4
Number of Ordinary Shares in Issue (millions)		**4,344.9**	4,344.9
Value per share – U.S. dollars		**0.93**	0.81
– HK dollars		**7.23**	6.30
Company's closing share price (HK$)		**2.47**	2.65
Share price discount to HK$ value per share (%)		**65.8**	57.9

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

Share Price vs Adjusted NAV Per Share



Statutory Reports, Consolidated Financial Statements and Notes to the Consolidated Financial Statements

Contents

Report of the Directors

The Directors present their report and the audited financial statements of First Pacific Company Limited (the Company) and its subsidiary companies (together, the Group) (the Consolidated Financial Statements) for the year ended 31 December 2020.

Principal Business Activities, Geographical Market Analysis of Operations and Business Review

First Pacific Company Limited is a Hong Kong-based investment management and holding company with operations located in Asia-Pacific. Its principal business interests relate to consumer food products, telecommunications, infrastructure and natural resources. During the year, there were no significant changes in the nature of the Group's principal business activities.

An analysis of the Group's turnover and operating segmental information for the year is set out in Note 4 to the Consolidated Financial Statements, and a summary of its principal investments is set out on pages 235 and 236.

Further discussion and analysis of the Group's activities as required by Schedule 5 to the Hong Kong Companies Ordinance, including a description of the principal risks and uncertainties facing the Group, an indication of likely future development in the Group's business and the Group's environmental policies and performance, can be found in the "Review of Operations", "Chairman's Letter", "Managing Director and Chief Executive Officer's Letter", "Corporate Social Responsibility Report" and "Corporate Governance Report" sections set out on pages 6 to 34 and pages 42 to 88 of this annual report. Those discussions form part of this Report of the Directors.

Incorporation

The Company was incorporated on 25 May 1988 in Bermuda with limited liability.

Share Capital, Shares Held for Share Award Scheme and Share Options

Details of movements in the Company's share capital, shares held for share award scheme and share options issued by the Group during the year, together with their reasons, are set out in Notes 29, 30 and 37(D) to the Consolidated Financial Statements.

Reserves

Details of movements in the reserves of the Group and the Company during the year are set out in the Consolidated Financial Statements on page 115 and page 229, respectively.

Purchase, Sale or Redemption of Listed Securities of the Company

During the year ended 31 December 2020, the Company has not repurchased any of its ordinary shares (2019: Nil) listed on The Stock Exchange of Hong Kong Limited (SEHK).

During the year ended 31 December 2020, the Company repurchased the following bonds:

1. US$0.1 million (2019: Nil) of the US$400 million 6.375% Guaranteed Secured Bonds due September 2020 issued by FPT Finance Limited (2020 Bonds) at an aggregate consideration of approximately US$0.1 million (2019: Nil) in January 2020;

2. US$1.0 million (2019: Nil) of the US$400 million 4.5% Guaranteed Bonds due April 2023 issued by FPC Treasury Limited at an aggregate consideration of approximately US$1.0 million (2019: Nil) in April 2020; and

3. US$54.5 million (2019: Nil) of the US$175 million 5.75% Guaranteed Bonds due May 2025 issued by FPC Capital Limited at an aggregate consideration of approximately US$58.5 million (2019: Nil) in September and October 2020.

Upon maturity in September 2020, the then total outstanding US$251.8 million of the 2020 Bonds were fully redeemed at an aggregate consideration of US$251.8 million.

In September 2020, FPC Resources Limited (a wholly-owned subsidiary of the Company) issued US$350 million 4.375% Guaranteed Bonds due September 2027, which were subsequently approved for listing on the SEHK.

During the year ended 31 December 2020, the independent trustee managing the Company's share award scheme bought, at the Company's cost, through the SEHK a total of 3,228,000 shares (2019: 5,418,000 shares) of the Company at an aggregate consideration of approximately US$0.9 million (2019: US$2.0 million). There was no subscription of new shares during the year ended 31 December 2020 by the independent trustee under the Company's share award scheme (2019: 2,944,076 shares at an aggregate consideration of approximately US$1.1 million) at the Company's cost.

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.

Results and Appropriations

The consolidated results of the Group for the year ended 31 December 2020 and the Group's consolidated financial position at that date are set out in the Consolidated Financial Statements on pages 112 to 230.

An interim distribution of HK7.00 cents (U.S. 0.90 cents) (2019: HK6.50 cents or U.S. 0.83 cents) per ordinary share, totaling US$39.2 million (2019: US$36.0 million), was paid on 28 September 2020. The Directors recommended the payment of a final distribution of HK7.50 cents (U.S. 0.96 cents) (2019: HK7.00 cents or U.S. 0.90 cents) per ordinary share, totaling US$41.8 million (2019: US$39.2 million). The total distribution per ordinary share for 2020 equals to HK14.5 cents (U.S. 1.86 cents) (2019: HK13.50 cents or U.S. 1.73 cents), totaling US$81.0 million (2019: US$75.2 million).

Charitable Contributions

In 2020, the Group made charitable contributions totaling US$28.7 million (2019: US$21.9 million).

Property, Plant and Equipment

Details of movements in the Group's property, plant and equipment during the year are provided in Note 11 to the Consolidated Financial Statements.

Borrowings

Details of the borrowings of the Group are provided in Note 26 to the Consolidated Financial Statements.

Distributable Reserves

At 31 December 2020, the Company's reserves available for distribution, calculated in accordance with the provisions of the Companies Act 1981 of Bermuda (as amended) amounted to US$1,620.6 million (2019: US$1,699.0 million), representing the Company's contributed surplus account. In addition, the Company's share premium account of US$63.1 million (2019: US$63.1 million) may be distributed in the form of fully paid bonus shares.

Pre-emptive Rights

There is no provision for pre-emptive rights under the Company's bye-laws or the laws of Bermuda which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

Directors

The names and biographical details of the Directors of the Company who held office during the year and up to the date of this report are set out on pages 35 to 39. Details of the remuneration policy and other details are provided in the Corporate Governance Report on page 88 and Note 37(A) to the Consolidated Financial Statements, respectively.

Interests of Directors in the Company and its Associated Corporations

As at 31 December 2020, the interests and short positions of the Directors and chief executive of the Company in the shares of the Company, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (SFO)) which (a) were recorded in the register required to be kept under section 352 of the SFO; or (b) were notified to the Company and SEHK pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as adopted by the Company (Model Code) were as follows:

(A) Long Positions in Shares in the Company

Name	Ordinary shares	Approximate percentage of issued share capital (%)	Ordinary share options
Anthoni Salim	1,925,474,957 (C)(i)	44.32	–
Manuel V. Pangilinan	70,493,078 (P)(ii)	1.62	–
Christopher H. Young	8,385,189 (P)(iii)	0.19	–
Benny S. Santoso	–	–	5,167,600
Prof. Edward K.Y. Chen, *GBS, CBE, JP*	2,946,559 (P)(iv)	0.07	–
Margaret Leung Ko May Yee, *SBS, JP*	2,088,652 (P)(v)	0.05	–
Philip Fan Yan Hok	8,168,652 (P)(vi)	0.19	–
Madeleine Lee Suh Shin	600,000 (P)	0.01	3,828,000
Blair Chilton Pickerell	957,000 (P)(vii)	0.02	–

(C) = Corporate interest, (P) = Personal interest

(i) Anthoni Salim indirectly owns 100% of First Pacific Investments (B.V.I.) Limited, his indirect interests in First Pacific Investments (B.V.I.) Limited are held through Salerni International Limited (a company of which Anthoni Salim directly holds 100% of the issued share capital). First Pacific Investments (B.V.I.) Limited and Salerni International Limited are interested in 633,186,599 shares and 502,058,994 shares respectively in the Company. Anthoni Salim also owns 83.84% of First Pacific Investments Limited which, in turn, is interested in 790,229,364 shares in the Company. Of this, 4.04% is held by Anthoni Salim directly, 20.19% by Salerni International Limited and 59.61% by Asian Capital Finance Limited (a company in which Anthoni Salim owns 100% share interests). The remaining 16.16% interest in First Pacific Investments Limited is owned as to 12.12% by the late Sutanto Djuhar (a former Non-executive Director of the Company) and 4.04% by Tedy Djuhar (a Non-executive Director of the Company).
(ii) It included Mr. Pangilinan's interests in 29,033,817 shares transferred to certain family trusts.
(iii) It included Mr. Young's interests in 3,220,566 awarded shares granted pursuant to the Company's Share Award Scheme as adopted by the Board on 19 March 2013 (Share Award Scheme) which remain unvested.
(iv) It included Prof. Chen's interests in 638,000 awarded shares granted pursuant to the Share Award Scheme which remain unvested.
(v) It included Mrs. Leung's interests in 638,000 awarded shares granted pursuant to the Share Award Scheme which remain unvested.
(vi) It included Mr. Fan's interests in 638,000 awarded shares granted pursuant to the Share Award Scheme which remain unvested.
(vii) It represented Mr. Pickerell's interests in 957,000 awarded shares granted pursuant to the Share Award Scheme which remain unvested.

(B) Long positions in Shares in associated corporations

- Manuel V. Pangilinan owned (a) 31,622,404 common shares (P) (0.10%)* in MPIC; (b) 269,494 common shares (P) (0.12%)* in PLDT as beneficial owner and a further 15,417 common shares (less than 0.01%)* in PLDT as nominee; (c) 4,655,000 common shares (P) (0.09%)* in Philex; (d) 1,603,465 common shares (P) (0.08%)* in PXP; (e) 55,000 common shares (P) (less than 0.01%)* in Meralco; as well as (f) 61,547 common shares (P) (less than 0.01%)* in RHI; as well as (g) US$1,000,000 of bonds due 2027 issued by FPC Resources Limited, which is a wholly-owned subsidiary of the Company.

- Christopher H. Young owned (a) 54,313 common shares (P) (0.02%)* in PLDT and (b) 61,547 common shares (P) (less than 0.01%)* in RHI.

- Tedy Djuhar owned 15,520,335 ordinary shares (C) (0.18%)* in Indofood.

- Anthoni Salim owned (a) 1,329,770 ordinary shares (P) (0.02%)* in Indofood and an indirect interest of 4,396,103,450 Indofood shares (C) (50.07%)* through the Company's group companies; (b) an indirect interest of 2,007,788 shares (C) (0.14%)* in IndoAgri through his controlled corporations other than the Company and an indirect interest of 1,161,618,030 IndoAgri shares (C) (83.22%)* through the Company's group companies; and (c) an indirect interest of 20,483,364 shares (C) (0.13%)* in SIMP through his controlled corporations other than the Company and an indirect interest of 12,471,746,400 SIMP shares (C) (78.85%)* through the Company's group companies.

(P) = Personal interest, (C) = Corporate interest
* Approximate percentage of the issued capital of the respective class of shares in the respective associated corporations as at 31 December 2020.

Save for those disclosed above, as at 31 December 2020, none of the Directors and chief executive of the Company had any interests or short positions in respect of shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company pursuant to the Model Code.

Interests of Substantial Shareholders in the Company

The interests and short positions of substantial shareholders in the shares and underlying shares of the Company as at 31 December 2020 as recorded in the register required to be kept under Section 336 of the SFO are set out below:

(a) Salerni International Limited (Salerni), which was incorporated in the British Virgin Islands, was interested in 1,135,245,593 ordinary shares of the Company at 31 December 2020, representing approximately 26.13% of the Company's issued share capital at that date, by way of 502,058,994 ordinary shares of the Company held, representing approximately 11.56% of the Company's issued share capital at that date and also its 100% interest in First Pacific Investments (B.V.I.) Limited (FPIL-BVI). Anthoni Salim, Chairman of the Company, beneficially owns the entire issued share capital of Salerni and, accordingly, is taken to be interested in the shares owned by Salerni.

(b) Asian Capital Finance Limited (ACFL), which was incorporated in the British Virgin Islands, was interested in 790,229,364 ordinary shares of the Company at 31 December 2020, representing approximately 18.19% of the Company's issued share capital at that date, by way of its 59.61% interest in First Pacific Investments Limited (FPIL-Liberia). Anthoni Salim, Chairman of the Company, beneficially owns the entire issued share capital of ACFL and, accordingly, is taken to be interested in the shares owned by ACFL.

(c) FPIL-Liberia, which was incorporated in the Republic of Liberia, beneficially owned 790,229,364 ordinary shares at 31 December 2020, representing approximately 18.19% of the Company's issued share capital at that date. FPIL-Liberia is owned by Salerni, ACFL, Anthoni Salim (Chairman of the Company), Tedy Djuhar (a Non-executive Director of the Company) and the late Sutanto Djuhar (a former Non-executive Director of the Company), in the proportion specified in note (i) of the table on page 104. Anthoni Salim, Chairman of the Company, is taken to be interested in the shares owned by FPIL-Liberia.

(d) FPIL-BVI, which was incorporated in the British Virgin Islands, beneficially owned 633,186,599 ordinary shares at 31 December 2020, representing approximately 14.57% of the Company's issued share capital at that date. Anthoni Salim, Chairman of the Company, indirectly owns the entire issued share capital of FPIL-BVI and, accordingly, is taken to be interested in the shares owned by FPIL-BVI.

(e) Brandes Investment Partners L.P. (Brandes), a United States incorporated company, notified the Company that it held 347,502,767 ordinary shares of the Company as at 30 October 2020, representing approximately 7.99% of the Company's issued share capital at that date. At 31 December 2020, the Company has not received any other notification from Brandes of any change to such holding.

(f) Citigroup Inc. (Citigroup), a United States incorporated company, notified the Company that it held ordinary shares of the Company as follows: 220,252,505 (long position), 769,000 (short position) and 219,444,153 (lending pool) on 3 April 2020, representing approximately 5.07% (long position), 0.02% (short position) and 5.05% (lending pool) of the Company's issued share capital at that date. The long position in shares held by the Citigroup is held in the capacities of Interest of corporation controlled (relating to 808,352 ordinary shares) and Approved lending agent (relating to 219,444,153 ordinary shares). At 31 December 2020, the Company has not received any other notification from Citigroup of any change to such holding.

(g) Northern Trust Corporation, a United States incorporated company, and its 100% controlled corporation, The Northern Trust Company (ALA), a United States incorporated company (collectively Northern Trust), notified the Company that they held 260,925,507 ordinary shares of the Company (lending pool) on 2 June 2020, representing approximately 6.01% (lending pool) of the Company's issued share capital at that date. At 31 December 2020, the Company has not received any other notification from Northern Trust of any change to such holding.

Other than as disclosed above, the Company had not been notified of any person at 31 December 2020 who had an interest or short position in the shares or underlying shares of the Company to be recorded in the register required to be kept under Section 336 of the SFO.

Transactions, Arrangements or Contracts of Significance

Except for the related party transactions set out in Note 38 to the Consolidated Financial Statements, there were no transactions, arrangements or contracts of significance in relation to the Company's business to which the Company or its subsidiary companies were parties, and in which a Director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

Apart from as disclosed above, none of the Directors nor a connected entity of a Director had any direct or indirect interest in any assets which have been acquired, disposed of by, or leased to, or are proposed to be acquired or disposed of by, or leased to the Company or any of its subsidiary companies at the end of the year or at any time during the year.

Directors' Rights to Acquire Shares or Debentures

Apart from as disclosed under the heading "Interests of Directors in the Company and its Associated Corporations" above, "Shares Held for Share Award Scheme" and "Share Options" in Notes 30 and 37(D)(a) to the Consolidated Financial Statements, at no time during the year was the Company or any of its subsidiary companies a party to any arrangement to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate and none of the Directors of the Company or their spouses or minor children had any right to subscribe for securities of the Company, or had exercised any such right during the year.

Summary Financial Information

A summary of the published results, assets, liabilities and non-controlling interests, and various information and financial ratios of the Company and the Group for the last ten financial years, as extracted from the audited Consolidated Financial Statements and restated/reclassified as appropriate, is set out on pages 2 and 3. This summary does not form part of the audited Consolidated Financial Statements.

Major Customers and Suppliers

In 2020, sales to the Group's five largest customers accounted for less than 30% of the total sales for the year, whereas purchases from the Group's five largest suppliers accounted for 26% (2019: 28% (Restated)) of the total purchases for the year of which purchases from the largest supplier included therein accounted for 12% (2019: 12% (Restated)) of the total purchases.

Continuing Connected Transactions and Connected Transactions

Continuing connected transactions and connected transactions required to be disclosed in accordance with Chapter 14A of the Listing Rules, are disclosed in the Corporate Governance Report on pages 67 to 80.

Sufficiency of Public Float

Based on information that is publicly available to the Company and within the knowledge of the Directors, at least 25% of the Company's total number of issued shares were held by the public at both 31 December 2020 and the date of this report.

Directors' and Officers' Liability Insurance

During the year, the Company has maintained appropriate Directors' and Officers' Liability Insurance for all Directors and officers of the Company and its related companies, set out in the Corporate Governance Report on page 59, save in those instances where individual companies have maintained their own coverage.

Employment Policy

The Company has a policy of non-discrimination in respect of the age, religion, gender, race, disability or marital status of employees and prospective employees. This ensures that individuals are treated equally, given their skills and abilities, in terms of career development and opportunities for advancement.

Auditor

Ernst & Young retire and a resolution for their reappointment as auditor of the Company will be proposed at the forthcoming AGM.

On behalf of the Board of Directors

Nancy L.M. Li
Company Secretary

Hong Kong
30 March 2021

EY 安永

Independent Auditor's Report

TO THE SHAREHOLDERS OF FIRST PACIFIC COMPANY LIMITED
(Incorporated in Bermuda with limited liability)

Opinion

We have audited the consolidated financial statements of First Pacific Company Limited (the "Company") and its subsidiaries (the "Group") set out on pages 112 to 230, which comprise the consolidated statement of financial position as at 31 December 2020, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2020, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Basis for opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Key audit matter	How our audit addressed the key audit matter
Impairment assessment of goodwill, intangible assets with indefinite useful life and concession assets not yet available for use (collectively, the "Intangible Assets")	
The Intangible Assets and their carrying amounts were allocated to the Group's respective cash-generating units ("CGUs") for impairment testing. Impairment was determined by assessing the recoverable amount of the CGU to which each of the Intangible Assets relates and whether the recoverable amount of the CGU was less than the carrying amount. For the year under review, the recoverable amounts of the respective CGUs have been determined based on value-in-use calculations using cash flow projections specific to each CGU and applying discount rates which reflected specific risks relating to the relevant CGUs. The impairment testing of the Intangible Assets required management to make significant assumptions and estimates that would affect the reported amounts of the Intangible Assets and related disclosures in the consolidated financial statements. Related disclosures are included in Notes 3, 14 and 15 to the consolidated financial statements.	We evaluated management's assessment of impairment of the Intangible Assets. Our audit procedures included evaluating the methodologies, assumptions and estimates used by the Group. In particular, for each relevant CGU, we assessed the historical accuracy of the prior years' assumptions and estimates, and obtained an understanding of the current and expected future developments of the Group and its environment. Certain key assumptions, including the discount rate, expected market development and long term growth rates, were assessed with the assistance from our valuation experts with relevant expertise and with external information sources. We also evaluated the management's assessment about the reasonably possible change in the relevant key assumptions.
Amortisation of concession assets using unit-of-production method	
The concession assets of the Group which were amortised using the unit-of-production method related to toll roads and certain water distribution businesses. The amortisation of toll road concession assets was based on the ratio of actual traffic volume to the total expected traffic volume of the underlying toll roads over the remaining concession period, while the amortisation of the water distribution concession assets was based on the actual billed volume over the estimated billable water volume for the period over which the concession agreement was in force. The amortisation method required management to make significant estimates on the total expected volume of traffic and total volume of billable water over the period for which the corresponding concession assets were in force. These estimates affected the reported amount of amortisation expenses and related disclosures in the consolidated financial statements. Related disclosures are included in Notes 3 and 15 to the consolidated financial statements.	We evaluated management's schedule of amortisation of concession assets and related assumptions and estimates used by the Group with reference to industry data and information related to the estimated total traffic, billable water volume, historical traffic and billed water volume. We also evaluated the competence and objectivity of management's specialists who estimated the forecasted volumes. We recalculated the amortisation expense for the year and the amount of the concession assets as of year-end based on the estimated billable water volume and traffic volume.

Independent Auditor's Report (continued)

Other information included in the Annual Report

The directors of the Company are responsible for the other information. The other information comprises the information included in the Annual Report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the consolidated financial statements

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations or have no realistic alternative but to do so.

The directors of the Company are assisted by the Audit and Risk Management Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, in accordance with section 90 of the Bermuda Companies Act 1981, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit and Risk Management Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. We also provide the Audit and Risk Management Committee with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit and Risk Management Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Catherine Yen Kai Shun.

ERNST & YOUNG
Certified Public Accountants

22/F CITIC Tower
1 Tim Mei Avenue
Central, Hong Kong

30 March 2021

Consolidated Income Statement

For the year ended 31 December US$ millions	Notes	**2020**	2019 (Restated)[i]
Turnover	4	**7,130.5**	7,585.0
Cost of sales		**(4,822.2)**	(5,301.2)
Gross Profit		**2,308.3**	2,283.8
Selling and distribution expenses		**(619.0)**	(606.2)
Administrative expenses		**(604.9)**	(635.7)
Other operating expenses, net	5(A)	**(50.5)**	(526.9)
Interest income		**68.8**	76.7
Finance costs	5(B)	**(442.6)**	(438.2)
Share of profits less losses of associated companies and joint ventures		**280.0**	327.0
Profit before Taxation from Continuing Operations	5	**940.1**	480.5
Taxation	6	**(341.6)**	(444.4)
Profit for the Year from Continuing Operations		**598.5**	36.1
Profit for the year from a discontinued operation	7	**69.1**	85.0
Profit for the Year		**667.6**	121.1
Profit/(Loss) Attributable to:			
Owners of the Parent	8	**201.6**	(253.9)
Non-controlling Interests		**466.0**	375.0
		667.6	121.1
Profit/(Loss) Attributable to Owners of the Parent arising from:			
Continuing operations		**181.1**	(269.7)
A discontinued operation		**20.5**	15.8
		201.6	(253.9)
Earnings/(Loss) Per Share Attributable to Owners of the Parent (U.S. cents)	9		
Basic			
Continuing operations		**4.18**	(6.21)
A discontinued operation		**0.47**	0.36
		4.65	(5.85)
Diluted			
Continuing operations		**4.17**	(6.21)
A discontinued operation		**0.47**	0.36
		4.64	(5.85)

(i) Refer to Note 43

Details of the distribution proposed for the year are disclosed in Note 10 to the Consolidated Financial Statements.

The Notes on pages 118 to 230 form an integral part of the Consolidated Financial Statements.

Consolidated Statement of Comprehensive Income

For the year ended 31 December US$ millions	2020	2019
Profit for the Year	**667.6**	121.1
Other Comprehensive Income/(Loss)		
Items that will be Reclassified Subsequently to Profit or Loss:		
Exchange differences on translating foreign operations	**318.2**	334.5
Unrealized (losses)/gains on debt investments at fair value through other comprehensive income	**(0.3)**	1.3
Unrealized (losses)/gains on cash flow hedges	**(58.9)**	29.0
Realized losses on cash flow hedges	**44.5**	11.1
Income tax related to cash flow hedges	**0.7**	(6.8)
Share of other comprehensive (loss)/income of associated companies and joint ventures	**(47.2)**	9.1
Reclassification adjustment for foreign operations disposed of during the year	**–**	59.0
Items that will not be Reclassified to Profit or Loss:		
Changes in fair value of equity investments at fair value through other comprehensive income	**30.2**	52.2
Actuarial gains/(losses) on defined benefit pension plans	**21.6**	(5.5)
Share of other comprehensive loss of associated companies and joint ventures	**(53.4)**	(63.4)
Other Comprehensive Income for the Year, Net of Tax	**255.4**	420.5
Total Comprehensive Income for the Year	**923.0**	541.6
Income/(Loss) Attributable to:		
Owners of the parent	**269.9**	(83.5)
Non-controlling interests	**653.1**	625.1
	923.0	541.6

Consolidated Statement of Financial Position

US$ millions	Notes	At 31 December 2020	At 31 December 2019
Non-current Assets			
Property, plant and equipment	11	**4,038.1**	4,938.7
Biological assets	12	**22.2**	22.6
Associated companies and joint ventures	13	**5,314.4**	4,787.7
Goodwill	14	**4,366.3**	693.2
Other intangible assets	15	**5,927.3**	5,004.7
Investment properties	16	**9.3**	13.4
Accounts receivable, other receivables and prepayments	17	**63.9**	37.4
Financial assets at fair value through other comprehensive income	18	**426.0**	385.9
Deferred tax assets	19	**110.1**	156.4
Other non-current assets	21	**687.5**	819.9
		20,965.1	16,859.9
Current Assets			
Cash and cash equivalents and short-term deposits	22	**2,377.8**	2,846.4
Restricted cash	20	**50.2**	106.0
Financial assets at fair value through other comprehensive income	18	**3.3**	9.9
Accounts receivable, other receivables and prepayments	17	**1,073.9**	1,070.7
Inventories	23	**835.6**	799.0
Biological assets	12	**55.7**	52.0
		4,396.5	4,884.0
Assets classified as held for sale	24	**1,582.0**	138.6
		5,978.5	5,022.6
Current Liabilities			
Accounts payable, other payables and accruals	25	**1,552.8**	1,569.3
Short-term borrowings	26	**1,659.7**	2,262.8
Provision for taxation	27	**180.6**	97.3
Current portion of deferred liabilities, provisions and payables	28	**593.9**	542.5
		3,987.0	4,471.9
Liabilities directly associated with the assets classified as held for sale	24	**843.8**	25.4
		4,830.8	4,497.3
Net Current Assets		**1,147.7**	525.3
Total Assets Less Current Liabilities		**22,112.8**	17,385.2
Equity			
Issued share capital	29	**43.4**	43.4
Shares held for share award scheme	30	**(2.4)**	(3.2)
Retained earnings		**1,604.4**	1,401.4
Other components of equity	31	**1,494.6**	1,487.1
Equity attributable to owners of the parent		**3,140.0**	2,928.7
Non-controlling interests	32	**7,488.5**	5,829.3
Total Equity		**10,628.5**	8,758.0
Non-current Liabilities			
Long-term borrowings	26	**8,973.9**	6,668.0
Deferred liabilities, provisions and payables	28	**2,111.3**	1,535.3
Deferred tax liabilities	19	**399.1**	423.9
		11,484.3	8,627.2
		22,112.8	17,385.2

The Notes on pages 118 to 230 form an integral part of the Consolidated Financial Statements.

On behalf of the Board of Directors

MANUEL V. PANGILINAN
Managing Director and Chief Executive Officer

CHRISTOPHER H. YOUNG
Executive Director and Chief Financial Officer

30 March 2021

Consolidated Statement of Changes in Equity

US$ 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 33)	Differences arising from changes in equities of subsidiary companies	Reserves for assets classified as held for sale	Capital and other reserves	Contributed surplus	Retained earnings	Total	Non-controlling interests	Total equity
At 1 January 2019		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	30	–	(2.0)	–	–	–	–	–	–	–	–	(2.0)	–	(2.0)
Issue of shares under share award scheme	30	–	(1.1)	1.1	–	–	–	–	–	–	–	–	–	–
Shares vested under share award scheme	30	–	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		–	–	–	–	–	–	–	–	(30.6)	–	(30.6)	–	(30.6)
2019 interim distribution paid	10	–	–	–	–	–	–	–	–	(36.0)	–	(36.0)	–	(36.0)
Acquisition of a subsidiary company	34(C)	–	–	–	–	–	–	–	–	–	–	–	4.1	4.1
Capital contributions from non-controlling shareholders		–	–	–	–	–	–	–	–	–	–	–	82.7	82.7
Dividends declared 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
At 1 January 2020		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**
Profit for the year		–	–	–	–	–	–	–	–	–	201.6	201.6	466.0	**667.6**
Other comprehensive income for the year		–	–	–	–	68.3	–	–	–	–	–	68.3	187.1	**255.4**
Total comprehensive income for the year		–	–	–	–	68.3	–	–	–	–	201.6	269.9	653.1	**923.0**
Purchase of shares under share award scheme	30	–	(1.0)	–	–	–	–	–	–	–	–	(1.0)	–	**(1.0)**
Shares vested under share award scheme	30	–	1.8	–	(1.7)	–	–	–	–	–	(0.1)	–	–	**–**
Lapse of share options		–	–	–	(1.4)	–	–	–	–	–	1.4	–	–	**–**
Employee share-based compensation benefits		–	–	–	1.5	–	–	–	–	–	–	1.5	0.8	**2.3**
Attributable to a discontinued operation	7(B)	–	–	–	–	(1.1)	–	1.1	–	–	–	–	–	**–**
Transfer to retained earnings		–	–	–	–	(0.1)	–	–	–	–	0.1	–	–	**–**
Acquisition and divestment of interests in subsidiary companies		–	–	–	–	(2.8)	30.1	–	–	–	–	27.3	(5.7)	**21.6**
Recognition of a financial liability on non-controlling interests put option	28	–	–	–	–	–	(8.0)	–	–	–	–	(8.0)	(66.3)	**(74.3)**
2019 final distribution paid	10	–	–	–	–	–	–	–	–	(39.2)	–	(39.2)	–	**(39.2)**
2020 interim distribution paid	10	–	–	–	–	–	–	–	–	(39.2)	–	(39.2)	–	**(39.2)**
Acquisition of a subsidiary company	34(C)	–	–	–	–	–	–	–	–	–	–	–	1,302.0	**1,302.0**
Capital contributions from non-controlling shareholders		–	–	–	–	–	–	–	–	–	–	–	16.8	**16.8**
Dividends declared to non-controlling shareholders		–	–	–	–	–	–	–	–	–	–	–	(241.5)	**(241.5)**
At 31 December 2020		**43.4**	**(2.4)**	**63.1**	**9.3**	**(651.8)**	**439.7**	**1.1**	**12.6**	**1,620.6**	**1,604.4**	**3,140.0**	**7,488.5**	**10,628.5**

The Notes on pages 118 to 230 form an integral part of the Consolidated Financial Statements.

Consolidated Statement of Cash Flows

For the year ended 31 December US$ millions	Notes	2020	2019 (Restated)[i]
Profit before Taxation			
From continuing operations		**940.1**	480.5
From a discontinued operation		**89.1**	107.5
Adjustments for:			
Finance costs		**478.0**	477.4
Depreciation		**422.7**	404.4
Amortization of other intangible assets		**130.2**	128.8
Provisions for impairment losses		**126.7**	858.3
Loss/(gain) on disposal of property, plant and equipment, net	5(A)	**32.7**	(0.7)
Write-down of inventories to net realizable value	5(C)	**13.0**	9.0
Employee share-based compensation benefit expenses	36(A)	**3.0**	3.2
Share of profits less losses of associated companies and joint ventures		**(298.8)**	(335.1)
Interest income		**(71.6)**	(85.7)
(Reversal of)/provision for onerous contracts, net	5(C)	**(13.2)**	3.2
Gain on changes in fair value of biological assets	5(A)	**(0.2)**	(13.5)
Loss on disposal of a joint venture	5(A)	**–**	308.3
Gain on deconsolidation of a subsidiary company	5(A)	**–**	(621.0)
Gain on disposal of an associated company	5(A)	**–**	(6.3)
Gain on disposal of assets classified as held for sale		**–**	(2.9)
Others		**(1.9)**	7.7
		1,849.8	1,723.1
(Increase)/decrease in accounts receivable, other receivables and prepayments		**(125.5)**	53.9
(Increase)/decrease in inventories		**(48.8)**	149.7
(Decrease)/increase in accounts payable, other payables and accruals		**(2.2)**	168.0
Net cash generated from operations		**1,673.3**	2,094.7
Interest received		**75.8**	88.5
Interest paid		**(426.7)**	(417.5)
Taxes paid	27	**(285.8)**	(310.2)
Net Cash Flows From Operating Activities		**1,036.6**	1,455.5

(i) Refer to Note 43

continued/…

Consolidated Statement of Cash Flows (continued)

For the year ended 31 December US$ millions	Notes	2020	2019 (Restated)[i]
Proceeds from disposal of financial assets at fair value through other comprehensive income		**358.2**	306.3
Dividends received from associated companies and a joint venture		**257.1**	265.2
Proceeds from disposal of property, plant and equipment	34(A)	**104.5**	18.8
Proceeds from instalment payments for disposal of a subsidiary company	34(B)	**80.9**	47.6
Decrease/(increase) in short-term deposits with original maturity of more than three months		**26.9**	(183.0)
Decrease/(increase) in restricted cash		**13.1**	(2.8)
Dividends received from financial assets at fair value through other comprehensive income		**5.4**	5.5
Proceeds from disposal of investment properties		**3.9**	–
Acquisition of subsidiary companies	34(C)	**(2,255.1)**	(0.2)
Investments in other intangible assets		**(689.6)**	(942.2)
Payments for purchases of property, plant and equipment		**(362.7)**	(421.1)
Acquisition of financial assets at fair value through other comprehensive income		**(353.1)**	(0.8)
Increased investments in joint ventures	34(D)	**(66.6)**	(69.8)
Instalment payment for acquisition of a subsidiary company	34(E)	**(49.5)**	(47.5)
Investments in biological assets		**(13.3)**	(13.2)
Increased investments in associated companies		**(8.0)**	(7.7)
Proceeds from disposal of a subsidiary company	34(F)	**–**	430.2
Proceeds from disposal of a joint venture	34(G)	**–**	275.0
Proceeds from disposal of an associated company		**–**	16.7
Advances to a joint venture		**–**	(10.7)
Net Cash Flows Used in Investing Activities		**(2,947.9)**	(333.7)
Proceeds from new bank borrowings and other loans	34(H)	**6,017.2**	4,078.5
Proceeds from divestments of interests in subsidiary companies	34(I)	**94.0**	–
Capital contributions from non-controlling shareholders		**16.8**	82.7
Loans from non-controlling shareholders	34(H)	**0.4**	5.8
Repayment of bank borrowings and other loans	34(H)	**(4,007.2)**	(3,849.4)
Dividends paid to non-controlling shareholders by subsidiary companies	34(H)	**(251.2)**	(235.1)
Payments for concession fees payable	34(H)	**(117.2)**	(32.4)
Distributions paid to shareholders	34(H)	**(78.4)**	(66.6)
Repurchase of a subsidiary company's shares	34(J)	**(69.2)**	(0.1)
Principal portion of lease payments	34(H)	**(34.1)**	(20.0)
Increased investments in subsidiary companies		**(5.1)**	(98.0)
Payments for purchase and subscription of shares under a long-term incentive plan		**(0.6)**	(3.1)
Proceeds from shares issued to non-controlling shareholders by subsidiary companies		**–**	2.4
Proceeds from the issue of shares under a long-term incentive plan		**–**	1.1
Net Cash Flows From/(Used in) Financing Activities		**1,565.4**	(134.2)
Net (Decrease)/Increase in Cash and Cash Equivalents		**(345.9)**	987.6
Cash and cash equivalents at 1 January		**2,650.8**	1,613.4
Exchange translation		**58.3**	49.8
Cash and Cash Equivalents at 31 December		**2,363.2**	2,650.8
Representing			
Cash and cash equivalents and short-term deposits as stated in the consolidated statement of financial position	22	**2,377.8**	2,846.4
Add: cash and cash equivalents attributable to a discontinued operation	7(B)	**138.6**	–
Less: bank overdrafts		**(0.5)**	(1.3)
Less: short-term deposits with original maturity of more than three months		**(152.7)**	(194.3)
Cash and Cash Equivalents at 31 December		**2,363.2**	2,650.8

(i) Refer to Note 43

The Notes on pages 118 to 230 form an integral part of the Consolidated Financial Statements.

1. Corporate and Group Information

First Pacific Company Limited ("First Pacific" or the "Company") is a Hong Kong-based investment management and holding company with operations located in Asia-Pacific. Its principal business interests relate to consumer food products, telecommunications, infrastructure and natural resources.

The Company is a limited liability company incorporated in Bermuda. As at 31 December 2020, the address of its registered office is Clarendon House, 2 Church Street, Hamilton HM11, Bermuda.

The Company's ordinary shares are listed on the SEHK. Its shares are also available for trading in the United States through ADRs (Level 1).

The Group comprises the Company and its subsidiary companies. Details of the principal subsidiary companies of the Company which, in the opinion of the Directors, materially affect the results or net assets of the Group, are set out on pages 235 and 236.

2. Basis of Preparation and Summary of Principal Accounting Policies

(A) Basis of Preparation

The Consolidated Financial Statements have been prepared in accordance with HKFRSs (which include all HKFRSs, HKASs and HK(IFRIC)-Ints) issued by the HKICPA, Hong Kong GAAP and the disclosure requirements of the Hong Kong Companies Ordinance. The Consolidated Financial Statements also comply with the applicable disclosure provisions of the Listing Rules. The Consolidated Financial Statements have been prepared on a historical cost basis, except for biological assets, investment properties, financial assets/liabilities at fair value, derivative financial instruments and pension scheme assets which, as disclosed in the accounting policies below, 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 ("US$ millions") with one decimal place except when otherwise indicated.

(B) Amendments Adopted by the Group

During 2020, the Group has adopted the "Conceptual Framework for Financial Reporting 2018" ("Conceptual Framework") and the following revised HKFRSs (which include all HKFRSs, HKASs and HK(IFRIC)-Ints) effective for annual periods commencing on or after 1 January 2020 issued by the HKICPA.

HKAS 1 and HKAS 8 Amendments	"Definition of Material"
HKAS 39, HKFRS 7 and HKFRS 9 Amendments	"Interest Rate Benchmark Reform"
HKFRS 3 Amendments	"Definition of a Business"

HKAS 39, HKFRS 7 and HKFRS 9 Amendments address issues affecting financial reporting on hedge accounting in the period before the replacement of an existing interest rate benchmark with an alternative risk-free rate ("RFR"). It is not known when hedged items and hedging instruments will be amended to the alternative RFRs, or how this will change the fair values and cash flows on these instruments, which cast uncertainty on the prospective assessment of the effectiveness of hedge accounting. Accordingly, the amendments provide temporary reliefs which enable hedge accounting to continue during the period of uncertainty before the introduction of the alternative RFR. The Group has applied the temporary reliefs and therefore assumed that the debt related cash flow hedges with interest rate swaps based on hedged risk of United States dollar London Interbank Offered Rate ("LIBOR") are not altered by the Interest Rate Benchmark Reform and has not discontinued the hedges. Information of the hedging relationships to which the Group applies the temporary reliefs is disclosed in Note 40(B) to the Consolidated Financial Statements.

In addition, the Group has elected to early adopt HKFRS 16 Amendment "COVID-19-Related Rent Concessions" with effect from 1 January 2020. The HKFRS 16 Amendment provides a practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the COVID-19 pandemic. The practical expedient applies only to rent concessions occurring as a direct consequence of the pandemic and only if (i) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change; (ii) any reduction in lease payments affects only payments originally due on or before 30 June 2021; and (iii) there is no substantive change to other terms and conditions of the lease.

During the year ended 31 December 2020, certain lease payments of the Group's leases have been reduced by the lessors as a result of the pandemic and there are no other changes to the terms of the leases. Accordingly, reductions of lease payments arising from the rent concessions have been accounted for as a variable lease payment by derecognizing part of the lease liabilities and crediting to profit or loss for the year ended 31 December 2020.

The Group's adoption of the Conceptual Framework and the above pronouncements has had no material effect on both the profit/loss attributable to owners of the parent for the years ended 31 December 2020 and 2019 and the equity attributable to owners of the parent at 31 December 2020 and 2019.

(C) Issued But Not Yet Effective HKFRSs

The Group has not applied the following new and revised HKFRSs, which have been issued but are not yet effective, in these Consolidated Financial Statements.

HKAS 1 Amendments	"Classification of Liabilities as Current or Non-current"(iii)
HKAS 16 Amendments	"Property, Plant and Equipment: Proceeds before Intended Use"(ii)
HKAS 37 Amendments	"Onerous Contracts – Cost of Fulfilling a Contract"(ii)
HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16 Amendments	"Interest Rate Benchmark Reform – Phase 2"(i)
HKFRS 3 Amendments	"Reference to the Conceptual Framework"(ii)
HKFRS 10 and HKAS 28 (2011) Amendments	"Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"(iv)
HKFRS 17	"Insurance Contracts"(iii)
HKFRS 17 Amendments	"Insurance Contracts"(iii)
Improvements to HKFRSs	Annual Improvements to HKFRSs 2018–2020 Cycle(ii)

(i) Effective for annual periods commencing on or after 1 January 2021
(ii) Effective for annual periods commencing on or after 1 January 2022
(iii) Effective for annual periods commencing on or after 1 January 2023
(iv) No mandatory effective date yet determined but available for adoption

Further information about these HKFRSs is as follows:

HKAS 1 Amendments clarify the requirements for classifying liabilities as current or non-current. The amendments specify that if an entity's right to defer settlement of a liability is subject to the entity complying with specified conditions, the entity has a right to defer settlement of the liability at the end of the reporting period if it complies with those conditions at that date. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement of the liability. The amendments also clarify the situations that are considered a settlement of a liability. The amendments are effective for annual periods beginning on or after 1 January 2023 and shall be applied retrospectively. Earlier application is permitted.

HKAS 16 Amendments prohibit deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling any such items, and the cost of those items, in profit or loss. The amendments are effective for annual periods beginning on or after 1 January 2022 and shall be applied retrospectively only to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. Earlier application is permitted.

HKAS 37 Amendments clarify that for the purpose of assessing whether a contract is onerous under HKAS 37 "Provisions, Contingent Liabilities and Contingent Assets", the cost of fulfilling the contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract include both the incremental costs of fulfilling that contract (e.g., direct labour and materials) and an allocation of other costs that relate directly to fulfilling that contract (e.g., an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract as well as contract management and supervision costs). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The amendments are effective for annual periods beginning on or after 1 January 2022 and shall be applied to contracts for which an entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments. Earlier application is permitted. Any cumulative effect of initially applying the amendments shall be recognized as an adjustment to the opening equity at the date of initial application without restating the comparative information.

HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16 Amendments address issues not dealt with in the previous amendments which affect financial reporting when an existing interest rate benchmark is replaced with an alternative RFR. The Phase 2 amendments provide a practical expedient to allow the effective interest rate to be updated without adjusting the carrying amount when accounting for changes in the basis for determining the contractual cash flows of financial assets and liabilities, if the change is a direct consequence of the interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis immediately preceding the change. In addition, the amendments permit changes required by the interest rate benchmark reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued. Any gains or losses that could arise on transition are dealt with through the normal requirements of HKFRS 9 to measure and recognize hedge ineffectiveness. The amendments also provide a temporary relief to entities from having to meet the separately identifiable requirement when an RFR is designated as a risk component. The relief allows an entity, upon designation of the hedge, to assume that the separately identifiable requirement is met, provided the entity reasonably expects the RFR risk component to become separately identifiable within the next 24 months. Furthermore, the amendments require an entity to disclose additional information to enable users of financial statements to understand the effect of interest rate benchmark reform on an entity's financial instruments and risk management strategy. The amendments are effective for annual periods beginning on or after 1 January 2021 and shall be applied retrospectively, but entities are not required to restate the comparative information.

HKFRS 3 Amendments are intended to replace a reference to the previous "Framework for the Preparation and Presentation of Financial Statements" with a reference to the Conceptual Framework without significantly changing its requirements. The amendments also add to HKFRS 3 "Business Combinations" an exception to its recognition principle for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for liabilities and contingent liabilities that would be within the scope of HKAS 37 or HK(IFRIC)-Int 21 "Levies" if they were incurred separately rather than assumed in a business combination, an entity applying HKFRS 3 should refer to HKAS 37 or HK(IFRIC)-Int 21 respectively instead of the Conceptual Framework. Furthermore, the amendments clarify that contingent assets do not qualify for recognition at the acquisition date. The Group will adopt the amendments prospectively from 1 January 2022. Since the amendments apply prospectively to business combinations for which the acquisition date is on or after the date of first application, the Group will not be affected by these amendments on the date of transition.

HKFRS 10 and HKAS 28 (2011) Amendments address an inconsistency between the requirements in HKFRS 10 "Consolidated Financial Statements" and in HKAS 28 (2011) "Investments in Associates and Joint Ventures" in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss when the sale or contribution of assets between an investor and its associate or joint venture constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognized in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The previous mandatory effective date of amendments to HKFRS 10 and HKAS 28 (2011) was removed by the HKICPA in January 2016 and a new mandatory effective date will be determined after the completion of a broader review of accounting for associates and joint ventures. However, the amendments are available for adoption now.

HKFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, HKFRS 17 will replace the existing HKFRS 4 "Insurance Contracts". The standard applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. The overall objective of the standard is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in HKFRS 4, which are largely based on grandfathering previous local accounting policies, the standard provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of the standard is the general model, supplemented by (i) a specific adaptation for contracts with direct participation features (the variable fee approach); and (ii) a simplified approach (the premium allocation approach) mainly for short-duration contracts.

HKFRS 17 Amendments include changes to simplify certain requirements in the standard and make financial performance easier to explain. The amendments also provide additional reliefs to reduce the effort required for the transition to HKFRS 17. In addition, the amendments defer the effective date of HKFRS 17 to annual reporting periods beginning on or after 1 January 2023 with earlier application permitted. As a result of the deferral, the HKICPA issued the amendments to HKFRS 4 to extend the temporary exemption that permits insurers to apply HKAS 39 rather than HKFRS 9 for annual periods beginning before 1 January 2023.

"Annual Improvements to HKFRSs 2018–2020 Cycle" set out amendments to a number of HKFRSs and HKASs, which include certain changes that may result in accounting changes for presentation, recognition or measurement purposes. The amendments are effective for annual periods beginning on or after 1 January 2022. Earlier application is permitted.

The key amendments of "Annual Improvements to HKFRSs 2018–2020 Cycle" are summarized as follows:

The HKAS 41 amendment removes the requirement to exclude cash flows for taxation when measuring the fair value of assets within the scope of HKAS 41.

The HKFRS 1 amendment permits a subsidiary that elects to apply paragraph D16(a) of HKFRS 1 "First-time Adoption of Hong Kong Financial Reporting Standards" to measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to HKFRSs. This amendment also applies to an associate or joint venture that elects to apply paragraph D16(a) of HKFRS 1.

The HKFRS 9 amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The HKFRS 16 amendment removes the illustration of payments from the lessor relating to leasehold improvements in Illustrative Example 13 accompanying HKFRS 16. This removes potential confusion regarding the treatment of lease incentives when applying HKFRS 16.

The Group has not early adopted the above new and revised HKFRSs for the year ended 31 December 2020. Based on the Group's assessment completed to date, these new and revised HKFRSs are not expected to have a significant impact on the results of operations and financial position and presentation of the Consolidated Financial Statements. The assessment of HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16 Amendments is described below.

At 31 December 2020, the Group had certain interest-bearing bank borrowings denominated in United States dollars and foreign currencies based on the LIBOR and various Interbank Offered Rates, respectively. If the interest rates of these borrowings are replaced by RFRs in a future period, the Group will apply the practical expedient upon the modification of these borrowings when the "economically equivalent" criterion is met and expects that no significant modification gain or loss will arise as a result of applying the amendments to these changes. In addition, the Group currently has applied cash flow hedge to manage the cash flow interest rate risk of bank borrowings, denominated in United States dollars based on LIBOR, by using interest rate swaps. The Group will amend the formal designation of that hedging relationship upon modification of the interest rate swap and the bank borrowing.

(D) Summary of Principal Accounting Policies

(a) Basis of consolidation

(I) Basis of consolidation

The Consolidated Financial Statements for the year ending 31 December 2020 comprise the Company and its subsidiary companies (together referred to as the "Group") and the Group's interests in associated companies and joint ventures.

A subsidiary company is an entity, directly or indirectly, controlled by the Company. Control exists when the Company has exposure, or rights, to variable returns from its involvement with the entity and the ability to use its power over the entity to affect the amount of those returns. When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including: (i) the contractual arrangement with the other vote holders of the investee, (ii) rights arising from other contractual arrangements, (iii) the Group's voting rights and potential voting rights and (iv) other factors which enable the Company to direct the relevant activities of the investee unilaterally, such as the existence of control, through majority representatives appointed, over the board of directors of the investee by the Company. Potential voting rights that are substantive (i.e., practically exercisable by the Company considering all facts and circumstances), where applicable to certain Philippine affiliates of the Company, are taken into account in determining whether an entity should be consolidated. The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes in the elements of control described above.

The results of subsidiary companies are included in the consolidated income statement from the effective date of acquisition, being the date on which the Group obtains control, or up to the effective date of disposal, as appropriate. Adjustments are made to bring into line any dissimilar accounting policies that may exist. All significant intra-group transactions and balances within the Group are eliminated on consolidation. Total comprehensive losses are attributed to the non-controlling interests even if it results in a deficit balance. Non-controlling interests represent the interests of non-controlling shareholders not held by the Group in the results and net position of the Company's subsidiary companies.

A change in the ownership interest of a subsidiary company, without a change of control, is accounted for as an equity transaction. For an unexercised put option held by a non-controlling shareholder of the Group's subsidiary company, which allows the non-controlling shareholder to sell all of its interest in the Group's subsidiary company to the Group under certain specific circumstances, the Group continues to recognize the non-controlling interest, including an update to reflect allocations of profit or loss, allocation of changes in other comprehensive income and dividends declared for the reporting period, as required by HKFRS 10 "Consolidated Financial Statements". However, the carrying amount of the non-controlling interest is derecognized at the end of each reporting period and the difference between the derecognized non-controlling interest and changes in measurement of a financial liability recognized in relation to the put option is recorded in equity as an equity transaction. See Note (I) for details of the accounting policies in relation to the financial liability recognized in relation to the put option.

If the Group loses control over a subsidiary company, it (i) derecognizes the assets (including goodwill) and liabilities of the former subsidiary company at their carrying amounts, (ii) derecognizes the carrying amount of any non-controlling interests in the former subsidiary company, (iii) derecognizes the components of other comprehensive income (e.g., cumulative exchange reserve) recorded in equity attributable to the former subsidiary company, (iv) recognizes the fair value of the consideration received, (v) recognizes the fair value of any investment in the former subsidiary company retained, (vi) recognizes any resulting difference as a gain or loss on disposal in profit or loss, (vii) reclassifies the parent's share of components of the former subsidiary company previously recognized in other comprehensive income (except revaluation reserve) to profit or loss, (viii) transfers the parent's share of the former subsidiary company's revaluation reserve previously recognized in other comprehensive income directly to retained earnings and (ix) transfers the related differences arising from changes in shareholdings of subsidiary companies without a change of control previously recognized as other reserves directly to retained earnings.

(II) Business combinations and goodwill

Business combinations are accounted for using the acquisition method. This method involves allocating the consideration transferred to the vendor to the fair value of the identifiable assets acquired, and liabilities and contingent liabilities assumed at the date of acquisition. The consideration transferred is measured at the aggregate of the fair value of the assets given, equity instruments issued, and liabilities incurred or assumed at the date of exchange. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree (that are present ownership interests and entitle their holders to a proportionate share of the net assets in the event of liquidation) at the non-controlling interests' proportionate share of the acquiree's net identifiable assets or at fair value. All acquisition-related costs are recognized as expenses in profit or loss.

The Group determines that it has acquired a business when the acquired set of activities and assets includes an input and a substantive process that together significantly contribute to the ability to create outputs.

For step acquisitions, the Group's previously held equity interests are remeasured at its acquisition date fair value and any resulting gain or loss is recognized in profit or loss. Contingent consideration is measured at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognized in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the fair value of the consideration transferred, the amount of any non-controlling interest in the acquiree and any fair value of the Group's previously held equity interest in the acquiree over the net fair value of the identifiable assets acquired, liabilities and contingent liabilities assumed. If the sum of this consideration and other items is lower than the net fair value of the identifiable assets acquired, liabilities and contingent liabilities assumed, the difference is, after reassessment, recognized in profit or loss as a gain on bargain purchase. In the case of associated companies and joint ventures, goodwill is included in the carrying amount thereof, rather than as a separately identified asset in the consolidated statement of financial position.

If the initial accounting for business combination can be determined only provisionally by the end of the period in which the combination is effected because the fair values to be assigned to the acquiree's identifiable assets and liabilities can be determined only provisionally, the Group accounts for the combination using provisional amounts. During the measurement period, which is not longer than one year from the acquisition date, the provisional amounts recognized at acquisition date are retrospectively adjusted to reflect new information obtained about facts and circumstances that existed as of the acquisition date and, if known, would have affected the measurement of the amounts recognized as of that date. Goodwill or any gain recognized shall be adjusted from the acquisition date by an amount equal to the adjustment to the fair value at the acquisition date of the identifiable assets, liabilities or contingent liabilities being recognized or adjusted.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units ("CGU"), or group of CGUs, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or group of units. Impairment is determined by assessing the recoverable amount of the CGU (group of CGUs) to which the goodwill relates. Where the recoverable amount of the CGU (group of CGUs) is less than the carrying amount, an impairment loss is recognized. An impairment loss recognized for goodwill is not reversed in a subsequent period.

For business combinations involving entities or businesses under common control (a business combination in which all of the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory), they are accounted for applying the principles of merger accounting which is consistent with Accounting Guideline 5 "Merger Accounting for Common Control Combinations" issued by the Hong Kong Institute of Certified Public Accountants. The method requires the combined entity to recognize the assets, liabilities and equity of the combining entities or businesses at the carrying amounts (i.e., existing book values from the controlling parties' perspective) in the Consolidated Financial Statements of the controlling party or parties prior to the common control combination. There is no recognition of any goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost at the time of the common control combination to the extent of the controlling party's or parties' interests.

Where goodwill has been allocated to a CGU (group of CGUs) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the CGU retained.

(b) Property, plant and equipment

(I) Freehold land and other property, plant and equipment

Freehold land is stated at cost and is not depreciated. Other property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses, calculated on the straight-line basis at annual rates estimated to write off their book values to residual values (if any) over their expected useful lives. Details of depreciation rates are given as follows:

The principal annual rates of depreciation:

Freehold land	Nil
Buildings	2.5% to 20.0%
Machinery, equipment and vessels	3.3% to 50.0%
Construction in progress	Nil

When an item of property, plant and equipment is classified as held for sale or when it is part of a disposal group classified as held for sale, it is not depreciated and measured at the lower of its carrying amount and fair value less costs to sell.

The initial cost of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Cost also includes asset retirement obligations, interest on borrowed funds used during the construction period and qualified finance costs from foreign exchange losses related to foreign currency denominated liabilities used to acquire such assets. Major costs incurred in restoring property, plant and equipment to their normal working condition are normally charged to the consolidated income statement. Where the recognition criteria are satisfied, improvements are capitalized and depreciated over their expected useful lives to the Group. When assets are sold or retired, their costs and accumulated depreciation, amortization and impairment losses, if any, are eliminated from the accounts and any gain or loss resulting from their disposal is included in the consolidated income statement.

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values (if any), useful lives and the depreciation method are reviewed periodically to ensure that the periods and method of depreciation are consistent with the expected pattern of economic benefits from items of property, plant and equipment.

Construction in progress is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction and capitalized finance and other costs incurred in connection with the borrowing of funds, including exchange differences arising from foreign currency borrowings, during the period of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

(II) Bearer plants

Bearer plants are living plants used in the production or supply of agricultural produce. They are expected to bear produce for more than one period and have a remote likelihood of being sold as agricultural produce, except for incidental scrap sales.

The Group's bearer plants comprise oil palm, rubber and sugar cane plantations. The Group elects to account for its bearer plants using the cost model under HKAS 16 "Property, Plant and Equipment". Immature bearer plants are accounted for at accumulated cost, which consist mainly of the accumulated cost of land clearing, planting, fertilizing, up-keeping and maintaining the plantations, and allocations of indirect overhead costs up to the time the plants become commercially productive and available for harvest. Costs also include capitalized borrowing costs and other charges incurred in connection with the financing of the development of immature bearer plants. Immature bearer plants are not depreciated.

Immature bearer plants are reclassified to mature bearer plants when they are commercially productive and available for harvest. In general, an oil palm plantation takes about three to four years to reach maturity from the time of planting the seedlings, while a rubber plantation takes about five to six years to reach maturity. A sugar cane plantation takes about a year to reach maturity and can be harvested for an average of three times after the initial planting.

Mature bearer plants are stated at cost, and are depreciated using the straight-line method over their estimated useful lives of 25 years for oil palm plantations and rubber plantations, and four years for sugar cane plantations. The useful lives and depreciation method are reviewed at each year end and adjusted prospectively, if necessary.

The carrying amounts of bearer plants are reviewed for impairment when events or changes in circumstances indicate that the carrying values may not be fully recoverable.

The carrying amount of an item of bearer plants is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising from derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is directly included in the profit or loss when the item is derecognized.

Upkeep and maintenance costs are recognized in the profit or loss when they are incurred. The cost of major renovation and restoration is included in the carrying amount of the related asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Group, and is depreciated over the remaining useful life of the related asset.

(c) Asset retirement obligations

The net present value of legal obligations associated with the retirement of an item of property, plant and equipment that resulted from the acquisition, construction or development of property, plant and equipment is recognized in the period in which the obligations arise. The obligations are reviewed and adjusted, if appropriate, at least at each financial year end.

(d) Biological assets

The Group's biological assets comprise timber plantations and agricultural produce of the bearer plants, which primarily comprise fresh fruit bunches, oil palm seeds, rubber and sugar cane.

The Group recognizes the fair value of biological assets in accordance with HKAS 41 "Agriculture". Biological assets are stated at fair value less costs to sell. Gains or losses arising on initial recognition of biological assets and from the change in fair value of biological assets at each reporting date are recognized in the profit or loss for the period in which they arise.

For the valuation of unharvested produce of oil palm and rubber plantations, the Group has applied the actual harvest data subsequent to the year end and applicable market prices to derive the fair value. For the valuation of sugar cane and oil palm seeds, the Group has applied discounted cash flow models to derive the fair value.

For timber plantations, the Group appoints an independent valuer to determine the fair value of timber trees at the year end and any resultant gains or losses arising from the changes in fair values are recognized in the profit or loss. The independent valuer adopts the income approach for the valuation of timber trees using a discounted cash flow model.

(e) Associated companies and joint ventures

An associated company is an entity in which the Group has a long-term interest of generally not less than 20% of the equity voting rights and over it is in a position to exercise significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

Investments in associated companies and joint ventures are accounted for in the Consolidated Financial Statements under the equity method, less any impairment losses. Adjustments are made to bring into line any dissimilar accounting policies that may exist. The Group's investments in associated companies and joint ventures include goodwill (net of any accumulated impairment losses) identified on acquisition. The Group's share of its associated companies' and joint ventures' post-acquisition profits and losses is recognized in the consolidated income statement as the Group's share of profits less losses of associated companies and joint ventures, and its share of post-acquisition other comprehensive income is recognized in the Group's consolidated other comprehensive income and when applicable in the consolidated statement of changes in equity. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment.

Unrealized gains and losses resulting from transactions between the Group and its associated companies or joint ventures are eliminated to the extent of the Group's investments in the associated companies or joint ventures, except where unrealized losses provide evidence of an impairment of the assets transferred.

Equity accounting is discontinued when the Group's interest in an associated company or a joint venture reaches zero, unless the Group has incurred obligations or guaranteed obligations in respect of the associated company or joint venture. For this purpose, the Group's interest is the carrying amount of the investment under the equity method, together with any other long-term interests that in substance form part of the Group's net investment in the associated company or the joint venture (after applying the expected credit loss ("ECL") model to such other long-term interests when applicable (see Note (k)(IV)).

After application of the equity method, the Group determines whether it is necessary to recognize an impairment loss on its investments in associated companies and joint ventures. At each reporting date, the Group determines whether there is objective evidence that the investment in an associated company or a joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associated company or joint venture and its carrying value, and then recognizes the loss in the consolidated income statement.

If an investment in an associated company becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other cases, when the Group discontinues the use of the equity method from the date when it ceases to have significant influence over an associated company or joint control over a joint venture, the Group measures at fair value any investment that the Group retains in the former associated company or joint venture. The Group recognizes in the consolidated income statement any difference between (i) the fair value of any retained investment and any proceeds from disposing of part of the interest in the associated company or joint venture and (ii) the carrying amount of the investment at the date when significant influence or joint control is lost.

(f) Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. Additions of service concession assets subsequent to business combinations are initially measured at present value of any additional estimated future concession fee payments pursuant to the concession agreements and/or the costs of rehabilitation works incurred or additional constructions. Service concession assets acquired other than through business combinations include capitalized upfront payments and expenditures directly attributable to the acquisition of the service concession. Payments to the governments over the concession period are capitalized at their present value using the incremental borrowing rate determined at inception date and are included as part of the initial recognition of the service concession asset with a corresponding liability recognized as service concession fee payable. Borrowing cost in relation to service concession assets that are considered as qualifying assets forms part of the cost of the service concession asset. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment loss. The useful lives of intangible assets are assessed to be either finite or indefinite.

Intangible assets with finite useful lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the intangible assets are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

The Group's concession assets represent the fair value of concessions of rights granted by governments to charge users for public services provided. The Group's concession assets for the water distribution business are amortized using either the unit of production method or the straight-line method over the term of the concessions. The Group's concession assets for the toll road business are amortized using the unit of production method over the term of the concessions. The Group's concession assets for the rail business are amortized using the straight-line method over the term of the concession. The Group's brands represent the brands for its various milk related products and are amortized using the straight-line method over their estimated useful lives. The Group's customer list and licenses for the wastewater and sewage treatment business are amortized using the straight-line method over their estimated useful lives. The Group's bilateral contracts represent contracts for its supply of electricity to customers and are amortized using the straight-line method. The Group's vesting contract is a commitment to produce a specified quantity of electricity at a specified price, limiting the Group's exposure to volatility in the electricity prices, providing certainty on cost recovery for a portion of the electricity generated. The vesting contract is amortized using the straight-line method. The Group's software is amortized using the straight-line method over its estimated useful life.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, or whenever there is an indication that the intangible asset may be impaired. The assessment of indefinite useful life is reviewed annually to determine whether the indefinite useful life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis from the date of change. The Group's intangible assets with indefinite useful lives mainly consist of the registered brand name, distribution and customer networks and water licenses of its packaged drinking water business, for which (i) the brand name and licenses can be renewed indefinitely at no significant costs; (ii) the Group has the intention to renew the brand name and maintain the licenses and the networks indefinitely; and (iii) the Group does not expect to incur significant expenses to maintain the future economic benefits that can be generated from these assets.

Intangible assets not yet available for use are tested for impairment annually or more frequently when events or changes in circumstances indicate that the carrying values may be impaired. The intangible assets not yet available for use mainly relate to concession agreements signed with the relevant government authorities as regards to the building and operation of water, toll roads and rail businesses for which constructions have not been completed.

(g) Investment properties

Investment properties are interests in land and buildings (including the leasehold property held as a right-of-use asset) held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the end of each reporting period.

Gains or losses arising from changes in the fair values of investment properties are included in the consolidated income statement in the period in which they arise.

Any gains or losses on the retirement or disposal of an investment property are recognized in the consolidated income statement in the period of the retirement or disposal.

Transfers are made to (or from) investment properties only when there is a change in use. For a transfer from an investment property to an owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If an owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment for owned property and/or accounts for such property in accordance with the policy stated under right-of-use assets for property held as a right-of-use asset up to the date of change in use.

(h) Fair value measurement

The Group measures its biological assets, investment properties, financial assets classified as fair value through other comprehensive income or profit or loss, derivative financial instruments and pension scheme assets at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

(i) Impairment of non-financial assets

An assessment is made at the end of each reporting period as to whether there is an indication of impairment of assets including property, plant and equipment, other intangible assets and other non-current assets, or whether there is an indication that an impairment loss previously recognized for an asset may no longer exist or may have decreased. If such an indication exists, or when annual impairment testing for an asset is required, the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's fair value less costs of disposal and value in use, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets, in which case the recoverable amount is determined for the CGU to which the asset belongs.

An impairment loss is recognized only if the carrying amount of an asset exceeds its recoverable amount. An impairment loss is charged to the consolidated income statement in the period in which it arises.

A previously recognized impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset. However, this is limited and will not give rise to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortization), had no impairment loss been recognized for the asset in prior years.

A reversal of such an impairment loss is credited to the consolidated income statement in the period in which it arises.

(j) Cash and cash equivalents, short-term deposits and restricted cash

For the purpose of the consolidated statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, which are not restricted as to use, whereas short-term deposits are highly liquid money market placements with maturities of more than three months but less than one year from the dates of acquisition. Cash restricted as to use represents cash which is restricted from being exchanged or used to settle a liability.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short-term highly liquid investments which are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

(k) Financial assets

(I) Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income ("FVOCI") and fair value through profit or loss ("FVPL").

The classification of financial assets at initial recognition depends on the financial assets' contractual cash flow characteristics and the Group's business model for managing them. With the exception of accounts receivable that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value, plus in the case of a financial asset not at FVPL, transaction costs. Accounts receivable that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under HKFRS 15 in accordance with the policies set out for "Turnover and revenue recognition" below.

In order for a financial asset to be classified and measured at amortized cost or FVOCI, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at FVPL, irrespective of the business model. Financial assets classified and measured at amortized cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at FVOCI are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at FVPL.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

All regular way purchases and sales of financial assets are recognized on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

(II) Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

(i) Financial assets at amortized cost (debt investments)

Financial assets at amortized cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognized in the consolidated income statement when the asset is derecognized, modified or impaired.

(ii) Financial assets at FVOCI (debt investments)

For debt investments at FVOCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the consolidated income statement and computed in the same manner as for financial assets measured at amortized cost. The remaining fair value changes are recognized in other comprehensive income. Upon derecognition, the cumulative fair value change recognized in other comprehensive income is recycled to the consolidated income statement.

(iii) Financial assets designated at FVOCI (equity investments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity investments designated at FVOCI when they meet the definition of equity under HKAS 32 "Financial Instruments: Presentation" and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to the consolidated income statement. Dividends are recognized as other income in the consolidated income statement when the right of payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity investments designated at FVOCI are not subject to impairment assessment.

(iv) Financial assets at FVPL

Financial assets at FVPL are carried in the consolidated statement of financial position at fair value with net changes in fair value recognized in the consolidated income statement.

This category includes derivative instruments and equity investments which the Group had not irrevocably elected to classify at FVOCI. Dividends on equity investments classified as financial assets at FVPL are also recognized as other operating income in the consolidated income statement when the right of payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at FVPL. Embedded derivatives are measured at fair value with changes in fair value recognized in the consolidated income statement. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the FVPL category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at FVPL.

(III) Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e. removed from the Group's consolidated statement of financial position) when (i) the rights to receive cash flows from the asset have expired; or (ii) the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either the Group has transferred substantially all the risks and rewards of the asset, or the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Group's continuing involvement in the asset. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

(IV) Impairment

The Group recognizes an allowance for ECLs for all debt investments not held at FVPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

(i) General approach

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a "12-month ECL"). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a "lifetime ECL").

At each reporting date, the Group assesses whether the credit risk on a financial asset has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial asset as at the reporting date with the risk of a default occurring on the financial asset as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

For debt investments at FVOCI, the Group applies the low credit risk simplification. At each reporting date, the Group evaluates whether the debt investments are considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group reassesses the past due status of the debt investments in which the Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Group considers a financial asset in default when contractual payments are more than 60 to 180 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Debt investments at FVOCI and financial assets at amortized cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for accounts receivable and contract assets which apply the simplified approach as detailed below:

Stage 1 – Financial assets for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs;

Stage 2 – Financial assets for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs;

Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs.

Evidence that a financial asset is credit-impaired includes the following observable events:

- Significant financial difficulties of the debtor;
- A breach of contract, such as a default or delinquency in interest or principal repayments;
- It becoming probable that the borrower will enter into bankruptcy or other financial reorganization;
- Significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; or
- The disappearance of an active market for a security because of financial difficulties of the issuer.

(ii) Simplified approach

For accounts receivable and contract assets that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

(I) Financial liabilities

(I) Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at FVPL, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

Financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

In respect of a put option held by a non-controlling shareholder of the Group's subsidiary company, which allows the non-controlling shareholder to sell all of its interest in the Group's subsidiary company to the Group under certain specific circumstances and thus gives rise to a contractual obligation for the Group to purchase its own equity instruments when the put option is exercised, a financial liability is initially recognized at the present value of the amount payable on exercise of the put option by the non-controlling shareholder and the carrying amount of the non-controlling interest is derecognized with the resulting differences recorded in equity.

(II) Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

(i) Financial liabilities at FVPL

Financial liabilities at FVPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVPL.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by HKFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognized in the consolidated income statement. The net fair value gain or loss recognized in the consolidated income statement does not include any interest charged on these financial liabilities.

Financial liabilities designated upon initial recognition as at FVPL are designated at the initial date of recognition, and only if the criteria in HKFRS 9 are satisfied. Gains or losses on liabilities designated at FVPL are recognized in the consolidated income statement, except for the gains or losses arising from the Group's own credit risk which are presented in other comprehensive income with no subsequent reclassification to the consolidated income statement. The net fair value gain or loss recognized in the consolidated income statement does not include any interest charged on these financial liabilities.

(ii) Financial liabilities at amortized cost
After initial recognition, the following financial liabilities are measured at amortized cost using the effective interest method: (i) loans and borrowings, and (ii) payables. Amortized cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction costs.

In respect of a put option held by a non-controlling shareholder of the Group's subsidiary company, while the put option remains unexercised, the Group derecognizes the carrying value of the non-controlling interest as if the put option is exercised at the end of the reporting period and recognizes a financial liability at the present value of the amount payable on exercise of the put option, with the difference recorded in equity as an equity transaction.

(iii) Financial guarantee contracts
Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. A financial guarantee contract is recognized initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the Group measures the financial guarantee contracts at the higher of: (i) the ECL allowance determined in accordance with the policy as set out in Note k(IV); and (ii) the amount initially recognized less, when appropriate, the cumulative amount of income recognized.

(III) Derecognition
A financial liability is derecognized when the obligation under the liability is discharged or canceled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognized in the consolidated income statement.

(m) Derivative instruments and hedge accounting
The Group uses derivative financial instruments such as currency swaps, foreign currency forwards, interest rate swaps, commodity swaps and electricity futures to hedge its risks associated with foreign currency, interest rate and commodity price fluctuations. Such derivative financial instruments are stated at fair value.

For the purpose of hedge accounting, hedges are classified as (i) fair value hedges where they hedge the exposure to changes in fair value of a recognized asset or liability or an unrecognized firm commitment, (ii) cash flow hedges where they hedge the exposure to variability in cash flows that is attributable to a particular risk associated with all, or a component of, a recognized asset or liability, a highly probable forecast transaction, or a foreign currency risk in an unrecognized firm commitment, or (iii) hedges of a net investment in a foreign operation. The Group does not have any fair value hedges and hedges of a net investment in a foreign operation.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting, the risk management objective and its strategy for undertaking the hedge.

The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined). A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements: (i) there is "an economic relationship" between the hedged item and the hedging instrument, (ii) the effect of credit risk does not "dominate the value changes" that result from that economic relationship, and (iii) the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

The Group has adopted HKAS 39, HKFRS 7, and HKFRS 9 Amendments which include a number of reliefs, that apply to all hedging relationships directly affected by interest rate benchmark reform. The reliefs apply during the year before the replacement of an existing interest rate benchmark with an alternative RFR. A hedging relationship is affected if interest rate benchmark reform gives rise to uncertainties about the timing and or amount of benchmark-based cash flows of the hedged item or the hedging instrument. The reliefs cease to apply once certain conditions are met. These include when the uncertainty arising from interbank offered rate reform is no longer present with respect to the timing and amount of the benchmark-based cash flows of the hedged item, if the hedging relationship is discontinued or once amounts in the cash flow hedge reserve have been released.

In relation to cash flow hedges, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognized in other comprehensive income and the ineffective portion is recognized immediately in the consolidated income statement. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

The amounts accumulated in other comprehensive income are accounted for, depending on the nature of the underlying hedged transaction. If the hedged transaction subsequently results in the recognition of a non-financial item, the amount accumulated in equity is removed from the separate component of equity and included in the initial cost or other carrying amount of the hedged asset or liability. This is not a reclassification adjustment and will not be recognized in other comprehensive income for the period. This also applies where the hedged forecast transaction of a non-financial asset or non-financial liability subsequently becomes a firm commitment to which fair value hedge accounting is applied.

For any other cash flow hedges, the amount accumulated in other comprehensive income is reclassified to the consolidated income statement as a reclassification adjustment in the same period or periods during which the hedged cash flows affect the consolidated income statement.

If cash flow hedge accounting is discontinued, the amount that has been accumulated in other comprehensive income must remain in accumulated other comprehensive income if the hedged future cash flows are still expected to occur. Otherwise, the amount will be immediately reclassified to the consolidated income statement as a reclassification adjustment. After the discontinuation, once the hedged cash flows occur, any amount remaining in accumulated other comprehensive income is accounted for depending on the nature of the underlying transaction as described above.

For derivatives that do not qualify for hedge accounting, any gains or losses arising from changes in fair value are recognized directly in the consolidated income statement.

(n) Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is calculated using the first-in, first-out method, the weighted average method or the moving average method, and in the case of work in progress and finished goods, comprises direct materials, direct labor and an appropriate proportion of overheads. The cost of goods purchased for resale includes costs incurred in bringing the goods to their present location. Depending on the nature of the inventory, net realizable value is based on either estimated selling prices less any estimated costs to be incurred to completion and disposal, or the current replacement cost. The Group provides allowance for obsolescence and/or decline in market values of inventories based on periodic reviews of the physical conditions and net realizable value.

(o) Provisions, contingent liabilities and assets

A provision is recognized when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the consolidated income statement net of any reimbursement. When the effect of discounting is material, the amount recognized for a provision is the present value, at the end of the reporting period, of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount, arising from the passage of time, is included in finance costs in the consolidated income statement.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow is remote.

A contingent liability recognized in a business combination is initially measured at its fair value. Subsequently, it is measured at the higher of (i) the amount that would be recognized in accordance with the general policy for provisions above and (ii) the amount initially recognized less, when appropriate, the amount of income recognized in accordance with the general guidance for revenue recognition.

Contingent assets represent assets arising from unplanned or unexpected events that give rise to the possibility of an inflow of economic benefits to the Group. Contingent assets are not recognized in the Group's Consolidated Financial Statements but are disclosed where an inflow of economic benefits is probable.

(p) Income tax

Income tax comprises current and deferred taxes. Income tax relating to items recognized outside profit or loss is recognized outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates (and tax laws) used to compute the amounts are those that are enacted or substantively enacted, by the end of the reporting period, in the countries where the Group operates and generates taxable income. Deferred tax is provided, using the liability method, on all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences (with limited exceptions) while deferred tax assets are recognized for all deductible temporary differences, and the carry-forward of unused tax credits and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax credits and unused tax losses can be utilized (with limited exceptions). For deferred tax liabilities for the withholding taxes that would be payable on unremitted earnings that are subject to withholding taxes, the Group fully recognizes the amounts for its associated companies and recognizes the amounts to the extent representing the earnings to be distributed as dividends for its subsidiary companies. The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered. Conversely, previously unrecognized deferred tax assets are recognized to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and deferred tax liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

(q) Distributions/Dividends

Final distributions/dividends proposed by the Directors are recognized as a liability when they have been declared and approved by the shareholders in an annual general meeting. Proposed final distributions/dividends are disclosed in the notes to the Consolidated Financial Statements.

Interim distributions/dividends (including special distributions/dividends, if any) are simultaneously proposed and declared, because the Company's memorandum and bye-laws grant the Directors the authority to declare interim distributions/dividends. Consequently, interim distributions/dividends are recognized immediately as a liability when they are proposed and declared.

(r) Turnover and revenue recognition

Revenue from contracts with customers is recognized when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognized will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group with a significant financial benefit for more than one year, revenue recognized under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in HKFRS 15.

Turnover represents the amounts received and receivable net of discounts, rebates and value-added tax from the sales of goods and electricity, and the rendering of services to third parties, falling within the ordinary activities of the Group's businesses. Turnover is measured by allocating the transaction price including variable considerations to each performance obligation on a relative stand-alone selling price basis and taking into account contractually defined terms of payment.

(I) Turnover from the sale of goods

Turnover from the sale of goods is recognized at the point in time when control of the goods is transferred to the customer, generally on delivery of the goods. Delivery occurs when the goods have been shipped to the location specified by the customer, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the goods in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

Some contracts for the sale of goods provide customers with rights of return and volume rebates. The rights of return and volume rebates give rise to variable consideration.

(i) Rights of return

For contracts which provide a customer with a right to return the goods within a specified period, the expected value method is used to estimate the goods that will not be returned because this method best predicts the amount of variable consideration to which the Group will be entitled. The requirements in HKFRS 15 on constraining estimates of variable consideration are applied in order to determine the amount of variable consideration that can be included in the transaction price. For goods that are expected to be returned, instead of revenue, a refund liability is recognized. A right-of-return asset (and the corresponding adjustment to cost of sales) is also recognized for the right to recover products from a customer.

(ii) Volume rebates

Retrospective volume rebates may be provided to certain customers once the quantity of products purchased during the period exceeds a threshold specified in the contract. Rebates are offset against amounts payable by the customer. To estimate the variable consideration for the expected future rebates, the most likely amount method is used for contracts with a single-volume threshold and the expected value method for contracts with more than one volume threshold. The selected method that best predicts the amount of variable consideration is primarily driven by the number of volume thresholds contained in the contract. The requirements on constraining estimates of variable consideration are applied and a refund liability for the expected future rebates is recognized.

(II) Turnover from the sale of electricity

Turnover from the sale of electricity is recognized over time upon supply and in the amount the Group has a right to invoice, because the customer simultaneously receives and consumes the benefits provided by the Group.

(III) Turnover from the rendering of services

Turnover from the rendering of services is recognized over time when the said services are rendered. Customers are charged upon the completion of services or on a regular basis that corresponds directly with the value to the customer of the Group's performance to date.

(IV) Dividend income

Dividend income is recognized when the Group's right to receive payment has been established.

(V) Interest income

Interest income is recognized as it accrues, taking into account the principal amount outstanding and the effective interest rate.

(s) Contract assets and contract liabilities

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional. Contract assets are subject to impairment assessment, details of which are included in the accounting policies for impairment of financial assets (see Note (k)(IV)).

A contract liability is recognized when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognized as revenue when the Group performs under the contract (i.e. transfers control of the related goods or services to the customer).

(t) Employee benefits

(I) Pension obligations

The Group operates defined contribution and defined benefit retirement schemes.

Contributions to defined contribution schemes by the Group and employees are calculated as a percentage of the employees' basic salaries. The Group's contributions to defined contribution schemes are expensed as incurred and are reduced by contributions forfeited by those employees who leave the schemes prior to the contributions vesting fully.

The Group's net obligations in respect of defined benefit schemes is calculated by fair value of the pension scheme assets and estimates of the effects of future events on the actuarial present value of accrued pension obligations, and are determined on the basis of actuarial valuations using the projected unit credit method. Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognized immediately in other comprehensive income in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods. Past service costs are recognized in the consolidated income statement at the earlier of the date of (i) when the plan amendment occurs and (ii) when the related restructuring or termination costs are recognized. Interest on net defined benefit obligation is calculated using the discount rate used to measure the pension benefit obligation and recognized in the consolidated income statement.

(II) Long service payments

Certain of the Group's employees are eligible for long service payments in the event of the termination of their employment. A provision is recognized in respect of the probable future long service payments expected to be made. The provision is the best estimate of the present value of probable future payments, calculated using the projected unit credit method, that have been earned by the employees from their service to the Group at the end of the reporting period.

(III) Equity-settled transactions

The cost of equity-settled transactions with employees is measured by reference to the fair values of the share options and awarded shares at the date at which they are granted.

For grants of share options, the total amount to be expensed is determined by reference to the fair value of the options granted by using option-pricing models, which include the impact of market performance conditions but excludes the impact of service conditions and non-market performance conditions. For grants of awarded shares, the total amount to be expensed is determined by reference to the market performance conditions at the grant date, taking into account all non-vesting conditions associated with the grants.

The cost of equity-settled transactions is recognized in employee benefit expenses, together with a corresponding increase in the employee share-based compensation reserve, over the period in which the performance conditions are fulfilled. The cumulative expense recognized for equity-settled transactions at each reporting period end until the vesting date reflects the extent to which the vesting period has expired and the number of awards that will ultimately vest, based on the best available estimate.

Upon the exercise of share options, the related amount accumulated in the employee share-based compensation reserve is transferred to share premium. Upon the vesting and transfer to the awardees, the related costs of the awarded shares are credited to shares held for the share award scheme, and the related fair value of the shares is debited to the employee share-based compensation reserve. The difference between the cost and the fair value of the vested awarded shares is credited to retained earnings if the fair value is higher than the cost or debited against retained earnings if the fair value is less than the cost.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected into fair value of an award and lead to an immediate expensing of an award unless there are also services and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognized. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, an expense, as a minimum, is recognized as if the terms had not been modified if the original terms of the award are met. An expense is recognized for any increase in the fair value of the transactions as a result of the modification, as measured at the date of modification. If the modification occurs during the vesting period, the incremental fair value granted is included in the measurement of the amount recognized for services received over the period from the modification date until the date when the modified equity instruments vest, in addition to the amount based on the grant date fair value of the original equity instruments, which is recognized over the remainder of the original vesting period. If the modification occurs after vesting date, the incremental fair value granted is recognized immediately, or over the vesting period if the employee is required to complete an additional period of service before becoming unconditionally entitled to those modified equity instruments.

Where an equity-settled award is canceled, it is treated as if it had vested on the date of cancelation, and any expense not yet recognized for the award is recognized immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the canceled award, and designated as a replacement award on the date that it is granted, the canceled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

(IV) Cash long-term employee benefits

The Group's long-term incentive plans ("LTIP") grant cash incentives to eligible key employees, which are contingent upon the achievement of approved targets, such as recurring profit/core income over a performance cycle, usually three years, with payments usually made at the end of the performance cycle. Liability under LTIP is determined using the projected unit credit method. Employee benefit costs include current service costs, interest cost, past service costs, and actuarial gains and losses. Current service costs, interest cost and past service costs are recognized immediately in the consolidated income statement when they occur, while actuarial gains and losses are recognized immediately in other comprehensive income when they occur.

(V) Paid leave carried forward

The Group provides paid annual leave to its employees under their employment contracts on a calendar year basis. Under certain circumstances, such leave which remains untaken as at the end of the reporting period is permitted to be carried forward and utilized by the respective employees in the following year. An accrual is made at the end of the reporting period for the expected future cost of such paid leave earned during the year by the employees and carried forward.

(VI) Termination benefits

Termination benefits are employee benefits provided in exchange for the termination of an employee's employment as a result of either an entity's decision to terminate an employee's employment before the normal retirement date or an employee's decision to accept an offer of benefits in exchange for the termination of employment.

Termination benefits are recognized at the earlier of (i) when the Group can no longer withdraw the offer of those benefits and (ii) when the Group recognizes the related restructuring costs. Initial recognition and subsequent changes to termination benefits are measured in accordance with the nature of the employee benefit, as either post-employment benefits, short term employee benefits, or other long-term employee benefits.

(VII) Short-term employee benefits

Employee benefits are classified as short-term if the expected timing of settlement is within 12 months after the end of the reporting period.

(u) Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(I) As a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets. At inception or on reassessment of a contract that contains a lease component and non-lease component(s), the Group adopts the practical expedient not to separate non-lease component(s) and to account for the lease component and the associated non-lease component(s) (e.g., property management services for leases of properties) as a single lease component.

(i) Right-of-use assets

Right-of-use assets are recognized at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

When a right-of-use asset meets the definition of investment property, it is included in investment properties. The corresponding right-of-use asset is initially measured at cost, and subsequently measured at fair value, in accordance with the Group's policy for investment properties (see Note (g)).

(ii) Lease liabilities

Lease liabilities are recognized at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognized as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification that is not accounted for as a separate lease, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset. The lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification. The only exceptions are any rent concessions which (i) arose as a direct consequence of the COVID-19 pandemic, (ii) the changes in lease payments result in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change, (iii) any reduction in lease payments affects only payments originally due on or before 30 June 2021, and (iv) there is no substantive change to other terms and conditions of the lease. In such cases, the Group took advantage of the practical expedient and recognized the change in consideration as if it was not a lease modification.

The Group's lease liabilities are included in deferred liabilities, provisions and payables.

(iii) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its certain short-term leases (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). When the Group enters into a lease in respect of a low-value asset (i.e. asset with a value, when new, of US$5 thousand or less), the Group decides whether to capitalize the lease on a lease-by-lease basis. Lease payments on short-term leases and leases of low-value assets are recognized as an expense on a straight-line basis over the lease term.

(II) As a lessor

When the Group acts as a lessor, it classifies at lease inception (or when there is a lease modification) each of its leases as either an operating lease or a finance lease.

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. Rental income is accounted for on a straight-line basis over the lease terms and is recognized in the consolidated income statement. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized in the consolidated income statement in the period in which they are earned.

Leases that transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee are accounted for as finance leases.

(v) Finance costs

Finance costs are interest expenses calculated using the effective interest method and other costs incurred in connection with the borrowing of funds and lease liabilities. Other costs include exchange differences on foreign currency borrowings. Exchange differences arising from foreign currency borrowings are included in finance costs to the extent that they are regarded as an adjustment to interest costs.

Finance costs are expensed in the consolidated income statement in the period in which they are incurred, except to the extent that they are capitalized as being directly attributable to the acquisition, construction or production of qualifying assets (principally the assets classified as property, plant and equipment and concession assets classified as intangible assets for the Group) which necessarily take a substantial period of time to prepare for their intended use or sale. The capitalization of such borrowing costs ceases when the assets are substantially ready for their intended use or sale.

(w) Foreign currencies

(I) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (functional currency, principally the rupiah, the peso and S$). The Consolidated Financial Statements are presented in the currency of the United States dollar, which is the Company's functional currency.

(II) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the consolidated income statement (except for those which will be refunded or billed to customers through billings as approved by governments under service concession arrangements). Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item.

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognizes the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

(III) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency other than the United States dollar are translated into the United States dollar as follows:

(i) assets and liabilities for each consolidated statement of financial position presented are translated at the closing rate at the end of the reporting period;

(ii) income and expenses for each consolidated income statement and consolidated statement of comprehensive income presented are translated at average exchange rates of the period; and

(iii) all resulting exchange differences are recognized in other comprehensive income. On consolidation, exchange differences arising from the translation of the net investment in foreign entities are taken to equity. When a foreign operation is sold, such exchange differences are recognized in the consolidated income statement as part of the gain or loss on disposal.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and are translated at the rates at the dates of the transactions.

(IV) Consolidated statement of cash flows

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiary companies are translated into United States dollars at the average exchange rates of the period.

(x) 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 to assess its performance, and for which discrete financial information is available.

Segment revenue, expenses, results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis to that segment. They are determined before intragroup balances and intragroup transactions are eliminated as part of the consolidation process.

(y) Related parties

A related party is considered as a person or an entity that is related to the Group if:

(I) A person or a close member of that person's family is related to the Group if that person:
- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group;

or

(II) An entity is related to the Group if any of the following conditions applies:
- (i) the entity and the Group are members of the same group (which means that parent, each subsidiary company and each fellow subsidiary company is related to the others);
- (ii) one entity is an associated company or a joint venture of the other entity (or an associated company or a joint venture of a member of a group of which the other entity is a member);
- (iii) the entity and the Group are joint ventures of the same third party;
- (iv) one entity is a joint venture of a third entity and the other entity is an associated company of the third entity;
- (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
- (vi) the entity is controlled or jointly controlled by a person identified in (I);
- (vii) a person identified in (I)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); or
- (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly.

(z) Assets and disposal groups held for sale and discontinued operations

Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. For this to be the case, the assets or disposal groups must be available for immediate sale in their present condition subject only to terms that are usual and customary for the sale of such assets or disposal groups and their sale must be highly probable. All assets and liabilities of a subsidiary company classified as a disposal group are reclassified as held for sale regardless of whether the Group retains a non-controlling interest in its former subsidiary company after the sale.

Non-current assets and disposal groups (other than investment properties, deferred tax assets, assets arising from employee benefits and financial assets) classified as held for sale are measured at the lower of their carrying amounts and fair values less costs to sell. Property, plant and equipment and intangible assets classified as held for sale are not depreciated or amortized.

For non-current assets and disposal groups (other than investment properties, deferred tax assets, assets arising from employee benefits and financial assets) that cease to be classified as held for sale are measured at the lower of their carrying amounts before the assets or disposal groups were classified as held for sale, adjusted for any depreciation or amortization that would have been recognized had the assets or disposal groups not been classified as held for sale, and their recoverable amounts at the date of the subsequent decision not to sell.

A disposal group qualifies as a discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and (i) represents a separate major line of business or geographical area of operations; (ii) is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations: or (iii) is a subsidiary acquired exclusively with a view to resale.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the consolidated income statement.

3. Significant Accounting Judgments and Estimates

The preparation of the Group's Consolidated Financial Statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

(A) Judgments

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognized in the Consolidated Financial Statements:

(a) Service concession arrangements

In applying HK(IFRIC)-Int 12 "Service Concession Arrangements" to the service concession arrangements of the Group's water (Maynilad, PNW, MPIWI, Philippine Hydro, Inc. ("PHI"), Metro Iloilo Bulk Water Supply Corporation ("MIBWSC"), PT Nusantara and MPDW), toll road (NLEX Corporation, Cavitex Infrastructure Corporation ("CIC"), MPCALA Holdings, Inc. ("MPCALA"), Cebu Cordova Link Expressway Corporation ("CCLEC") and PT Nusantara) and rail (LRMC) businesses, the Group has made judgments that these arrangements qualify for the application of the intangible asset model. The methods of amortization that the Group uses depend on which method best reflects the pattern of consumption of the concession assets. Maynilad, NLEX Corporation, CIC and PT Nusantara use the unit of production method for amortizing water and toll road service concession assets. The Group annually reviews the actual billed volume and the estimated billable water volume, in the case of the water concession, and the actual traffic volume and the expected traffic volume, in the case of the toll concession, based on factors that include market conditions such as population growth and consumption of water/usage of the toll facility, and the status of the Group's projects. It is possible that future results of operations could be materially affected by changes in the Group's estimates brought about by changes in the aforementioned factors.

In applying HKAS 23 to the Group's service concession arrangements undergoing rehabilitation (in the case of the existing LRT1) and pre/on-going construction (in the case of the construction of the CALAX, Connector Road, CCLEX and LRT1 extension) as qualifying assets, the Group capitalizes borrowing costs that are directly attributable to the acquisition or construction of the qualifying asset as part of the cost of that asset using the specific borrowing approach, as the Group uses specific borrowings to finance its qualifying assets. Capitalization of borrowing costs ceases when substantially all the activities necessary to prepare the components of the service concession asset for its intended use are completed. Details of the Group's accounting policy in respect of intangible assets (other than goodwill) are set out in Note 2(D)(f) to the Consolidated Financial Statements.

(b) Classification of financial assets and financial liabilities

The Group determines the classification of certain assets and liabilities as financial assets and financial liabilities by judging whether they meet the definition of financial assets and financial liabilities set out in HKFRS 9. Accordingly, the financial assets and financial liabilities are accounted for in accordance with the Group's accounting policies set out in Notes 2(D)(k) and 2(D)(l) to the Consolidated Financial Statements, respectively.

(c) Power to exercise significant influence or control

Where the Group holds less than 20% of voting interest in an investee but the Group has the power to exercise significant influence, such an investment is treated as an associated company. See Note 13(D) to the Consolidated Financial Statements for application of the above judgment.

For the period ended 9 December 2019, where the Group held less than 50% of voting interest in DDH but the Group had the power to exercise control, such an investment was treated as a subsidiary company because the Group was the single largest shareholder of DDH with a 49.9% interest and the remaining 50.1% interest was widely held by many other shareholders. The Group was also unaware of any formal arrangements or agreements among the other shareholders to consult and made collective actions.

(d) Significant judgment in determining the lease term of contracts with renewal options

The Group has several lease contracts that include extension and termination options. The Group applies judgment in evaluating whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., a change in business strategy).

(B) Estimation Uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of the assets and liabilities within the next financial year are described below.

(a) Estimating useful lives and residual values of property, plant and equipment

The Group estimates the useful lives and residual values of its property, plant and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives and residual values of the property, plant and equipment are reviewed annually and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets. In addition, the Group's estimation of the useful lives and residual values of its property, plant and equipment is based on its collective assessment of industry practice, internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in those estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives and residual values of the Group's property, plant and equipment would increase its recorded depreciation expenses and decrease its non-current assets.

(b) Measurement of fair value of biological assets

The Group recognizes its timber plantations and agricultural produce of bearer plants at fair value less costs to sell, which requires the use of accounting estimates and assumptions.

The significant assumptions applied to determine the fair value of biological assets included the projected selling prices, production yields, discount rate, inflation rate and exchange rates. For the valuation of unharvested fruit bunches of oil palm and latex of rubber, the Group has applied the actual harvest data subsequent to year end and the market selling prices at year end to derive the fair value of unharvested produce of oil palm and rubber at year end. For the valuation of oil palm seeds, sugar cane and timber, the Group has applied discounted cash flow models to derive their fair values.

The amount of changes in fair values would differ if there are changes to the assumptions used. Any changes in fair values of these agricultural produces would affect the Group's consolidated profit or loss and equity. The key assumptions applied in the determination of fair value of biological assets including a sensitivity analysis are disclosed and further explained in Note 12 to the Consolidated Financial Statements.

(c) Purchase price allocation and impairment of non-financial assets

Acquisition accounting requires an extensive use of accounting estimates to allocate the purchase price to the fair market values of the assets and liabilities purchased, including intangible assets and contingent liabilities. Determining the fair value of property, plant and equipment, biological assets, and intangible assets (other than goodwill) at the date of acquisition of business requires the Group to make estimates and assumptions that can materially affect its Consolidated Financial Statements.

Any difference in the purchase price and the fair values of the net identifiable assets acquired is recorded as either goodwill in the consolidated statement of financial position or a gain on bargain purchase in profit or loss. The Group's business acquisitions have resulted in goodwill, which is subject to yearly impairment testing and whenever there is an indication that goodwill may be impaired. The Group also assesses whether there are any indicators of impairment for all non-financial assets (including the right-of-use assets) at the end of each reporting period. Intangible assets with indefinite useful lives and intangible assets that have not yet been brought into use are tested for impairment annually and at other times when such an indicator exists.

Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a CGU exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the CGUs and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

The preparation of estimated future cash flows involves significant estimations. While the Group believes that its assumptions are appropriate and reasonable, significant changes in its assumptions may materially affect its assessment of recoverable values and may lead to future additional impairment charges. Any resulting impairment loss would affect directly the Group's consolidated profit or loss and equity.

(d) Estimating useful lives of brands

The Group estimates the useful lives of the brands for its packaged drinking water and various milk-related products. The estimated useful lives of the brands are reviewed annually and are updated if expectations differ from previous estimates due to changes in market situations or other limits. It is possible, however, that future results of operations could be materially affected by changes in those estimates brought about by changes in the factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of the Group's brands would increase its recorded amortization expenses and decrease its other intangible assets.

(e) Measurement of fair value of financial assets and liabilities

HKFRS requires that the Group carries certain of its financial assets and liabilities at fair value, which requires extensive use of accounting estimates. While significant components of fair value measurement were determined using verifiable objective evidence (i.e., foreign exchange rates and interest rates), the amount of changes in fair value would differ if the Group utilized different valuation methodologies. Any changes in fair value of these financial assets and liabilities would affect directly the Group's consolidated profit or loss and equity.

(f) Provision for expected credit losses on accounts receivable and contract assets

The Group uses a provision matrix to calculate ECLs for accounts receivable and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance). The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future. The information about the ECLs on the Group's accounts receivable and contract assets is disclosed in Note 17 to the Consolidated Financial Statements.

(g) Estimating allowances for inventories

The Group estimates the allowance for inventories based on the best available facts and circumstances, including but not limited to, the inventories' own conditions (i.e., whether they are damaged or become wholly or partially obsolete), their market selling prices, estimated costs of completion and estimated costs to be incurred for their sale. The allowances are re-evaluated and adjusted as additional information received affects the amount estimated.

(h) Taxes

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the diversity of the Group's businesses and the long-term nature and complexity of existing contractual agreements or the nature of the business itself, changes in differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded.

The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities in which the Group operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences in interpretation may arise for a wide variety of issues depending on the conditions prevailing in the respective domicile or to the operations of the Group.

The Group reviews the carrying amounts at the end of each reporting period and reduces deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized based on the likely timing and level of future taxable profits together with future tax planning strategies. However, there is no assurance that the Group will generate sufficient taxable profit to allow all or part of its recognized deferred tax assets to be utilized.

(i) Provisions

The Group recognizes provisions based on estimates of whether it is probable that an outflow of resources will be required to settle an obligation. Where the final outcome of these matters is different from the amounts that were initially recognized, such differences will impact the financial performance in the period in which such determination is made.

(j) Pension and other retirement benefits

The determination of the Group's obligation, fair value of plan assets and cost for defined benefits is performed by independent actuaries engaged by the Group and dependent on the selection of certain assumptions used by them in calculating such amounts. Those assumptions include among others, discount rates, expected returns on plan assets, future annual salary increases and the average remaining working life of employees. In accordance with the Group's accounting policy for pension obligations, actual results that differ from the Group's assumptions are recognized immediately in other comprehensive income as and when they occur. While the Group believes that the actuaries' assumptions are reasonable and appropriate, significant differences in the Group's actual experience or significant changes in the Group's assumptions may materially affect its pension and other retirement obligations.

(k) Employee benefit expenses

HKFRS 2 "Share-based Payment" requires that the Group measures its share options and awarded shares at fair value at the date at which they are granted, which requires the extensive use of estimates. The determination of such fair value is performed by an independent valuer engaged by the Group or based on management's estimates. Significant components of fair value measurement were determined using assumptions including the expected volatility and dividend yield and the average risk-free interest rate for share options, and expected dividend payments during the vesting period for share awards. The amount of fair value determined at the date on which the share options and awarded shares are granted would differ if the Group utilized different assumptions. Any changes in fair value of the share options and awarded shares determined at the date on which they are granted would affect directly the Group's consolidated profit or loss and equity in subsequent periods when these fair values are recognized as expenses over the vesting period of the share options and awarded shares.

The cost of cash LTIP is determined using the projected unit credit method based on prevailing discount rates and estimated achievement of recurring profit/core income targets. While management's assumptions are believed to be reasonable and appropriate, significant differences in actual results or changes in assumptions may materially affect the Group's consolidated profit or loss and equity.

4. Turnover and Operating Segmental Information

US$ millions	**2020**	2019 (Restated)
Turnover		
Sale of goods		
– Consumer Food Products	**5,637.8**	5,528.8
– Infrastructure	**–**	76.9
Sale of electricity		
– Infrastructure	**577.7**	721.7
Rendering of services		
– Consumer Food Products	**96.2**	103.0
– Infrastructure	**818.8**	1,154.6
Total	**7,130.5**	7,585.0

Performance obligations

Information about the Group's performance obligations is summarized below:

Sale of goods

The performance obligation is satisfied upon delivery of the goods and payment is generally due within 30 to 60 days from delivery for consumer food products. Prior year amount also included delivery of medicine to MPIC's hospital customers of which the charges were collected upon delivery. Certain contracts provide customers with cash incentives, rights of return and volume rebates which give rise to variable consideration. For the year ended 31 December 2020, revenue recognized of US$19.8 million (2019: US$17.1 million) relates to the carried-forward contract liabilities arising from the consumer food products business and the infrastructure business.

Sale of electricity

The performance obligation is satisfied over time as the customer simultaneously receives and consumes the electricity provided by the Group and payment is generally due within 30 days from the date of billing for PLP's customers.

Rendering of services

The performance obligation is satisfied over time as services are rendered and payment is generally due within seven to 60 days from the date of billing for MPIC's water and sewerage service customers, 45 to 60 days from the date of billing for MPIC's bulk water supply customers. Prior year amount also included services rendered to MPIC's hospital customers of which the charges were collected when services were rendered, except for certain corporate customers which are allowed an average of 30 days of credit.

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 most senior executive management 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 them.

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 segments, which are consumer food products, telecommunications, infrastructure and natural resources. Geographically, the Board of Directors considers that the businesses of the Group are mainly operating in Indonesia, the Philippines, Singapore, the Middle East, Africa and others, and the turnover information is based on the locations of the customers. Details of the Group's principal investments are provided on pages 235 and 236.

The Board of Directors assesses the performance of the operating segments based on a measure of recurring profit. This basis measures the profit/loss 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.

By Principal Business Activity – 2020

For the year ended/at 31 December US$ millions	Consumer Food Products	Telecom-munications	Infrastructure	Natural Resources	Head Office	2020 Total
Revenue						
Turnover						
– Point in time	5,637.8	–	–	–	–	**5,637.8**
– Over time	96.2	–	1,396.5	–	–	**1,492.7**
Total	5,734.0	–	1,396.5	–	–	**7,130.5**
Results						
Recurring profit	184.5	134.9	82.3	8.0	(88.5)	**321.2**
Assets and Liabilities						
Non-current assets (other than financial instruments and deferred tax assets)						
– Associated companies and joint ventures	578.5	1,201.5	3,373.5	160.9	–	**5,314.4**
– Others	8,043.0	–	6,896.6	–	10.1	**14,949.7**
	8,621.5	1,201.5	10,270.1	160.9	10.1	**20,264.1**
Other assets	3,253.1	–	1,600.4	–	244.0	**5,097.5**
Segment assets	11,874.6	1,201.5	11,870.5	160.9	254.1	**25,361.6**
Assets classified as held for sale	–	–	1,582.0	–	–	**1,582.0**
Total assets	11,874.6	1,201.5	13,452.5	160.9	254.1	**26,943.6**
Borrowings	3,887.6	–	5,315.1	–	1,430.9	**10,633.6**
Other liabilities	2,270.4	–	2,430.5	–	136.8	**4,837.7**
Segment liabilities	6,158.0	–	7,745.6	–	1,567.7	**15,471.3**
Liabilities directly associated with the assets classified as held for sale	–	–	843.8	–	–	**843.8**
Total liabilities	6,158.0	–	8,589.4	–	1,567.7	**16,315.1**
Other Information						
Depreciation and amortization	(307.2)	–	(165.6)	–	(5.4)	**(478.2)**
Gain on changes in fair value of biological assets	0.2	–	–	–	–	**0.2**
Impairment losses	(74.5)	–	(47.4)	–	–	**(121.9)**
Interest income	34.4	–	24.8	–	9.6	**68.8**
Finance costs	(142.8)	–	(229.8)	–	(70.0)	**(442.6)**
Share of profits less losses of associated companies and joint ventures	(0.6)	126.2	172.7	(18.3)	–	**280.0**
Taxation	(246.6)	–	(78.5)	–	(16.5)	**(341.6)**
Additions to non-current assets (other than financial instruments and deferred tax assets)	897.1	–	811.6	–	–	**1,708.7**

By Geographical Market – 2020

For the year ended/at 31 December US$ millions	Indonesia	The Philippines	Singapore	The Middle East, Africa & Others	2020 Total
Revenue					
Turnover					
– Consumer Food Products	4,736.7	173.2	51.7	772.4	**5,734.0**
– Infrastructure	33.5	792.0	571.0	–	**1,396.5**
Total	4,770.2	965.2	622.7	772.4	**7,130.5**
Assets					
Non-current assets (other than financial instruments and deferred tax assets)	3,867.3	11,479.6	579.4	4,337.8	**20,264.1**

By Principal Business Activity – 2019

For the year ended/at 31 December US$ millions	Consumer Foods Products	Telecom-munications	Infrastructure	Natural Resources	Head Office	2019 (Restated) Total
Revenue						
Turnover						
– Point in time	5,528.8	–	76.9	–	–	5,605.7
– Over time	103.0	–	1,876.3	–	–	1,979.3
Total	5,631.8	–	1,953.2	–	–	7,585.0
Results						
Recurring profit	159.0	119.3	116.3	1.0	(105.6)	290.0
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
– Others	4,357.0	–	7,018.5	–	13.1	11,388.6
	4,451.9	1,154.1	10,387.6	169.6	13.1	16,176.3
Other assets	2,824.0	–	2,299.2	–	444.4	5,567.6
Segment assets	7,275.9	1,154.1	12,686.8	169.6	457.5	21,743.9
Assets classified as held for sale	138.6	–	–	–	–	138.6
Total assets	7,414.5	1,154.1	12,686.8	169.6	457.5	21,882.5
Borrowings	1,839.0	–	5,436.2	–	1,655.6	8,930.8
Other liabilities	1,455.6	–	2,580.9	–	131.8	4,168.3
Segment liabilities	3,294.6	–	8,017.1	–	1,787.4	13,099.1
Liabilities directly associated with the assets classified as held for sale	25.4	–	–	–	–	25.4
Total liabilities	3,320.0	–	8,017.1	–	1,787.4	13,124.5
Other Information						
Depreciation and amortization	(269.4)	–	(195.5)	–	(6.3)	(471.2)
Gain on changes in fair value of biological assets	13.5	–	–	–	–	13.5
Gain on deconsolidation of a subsidiary company	–	–	621.0	–	–	621.0
Loss on disposal of a joint venture	(308.3)	–	–	–	–	(308.3)
Gain on disposal of an associated company	6.3	–	–	–	–	6.3
Impairment losses	(31.7)	–	(831.5)	–	–	(863.2)
Interest income	33.7	–	35.8	–	7.2	76.7
Finance costs	(137.3)	–	(220.7)	–	(80.2)	(438.2)
Share of profits less losses of associated companies and joint ventures	(8.7)	115.4	257.7	(37.4)	–	327.0
Taxation	(194.6)	–	(236.1)	–	(13.7)	(444.4)
Additions to non-current assets (other than financial instruments and deferred tax assets)	346.2	–	1,220.4	–	12.6	1,579.2

By Geographical Market – 2019

For the year ended/at 31 December US$ millions	Indonesia	The Philippines	Singapore	Others	2019 (Restated) Total
Revenue					
Turnover					
– Consumer Food Products	4,817.5	241.1	51.9	521.3	5,631.8
– Infrastructure	41.7	1,198.1	713.4	–	1,953.2
Total	4,859.2	1,439.2	765.3	521.3	7,585.0
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

There was no revenue from transactions with a single customer that accounted for 10% or more of the Group's consolidated revenue during the year (2019: None).

A reconciliation between profit before taxation as shown in the consolidated income statement and recurring profit is as follows:

US$ millions	**2020**	2019 (Restated)
Profit before taxation		
Continuing operations	**940.1**	480.5
A discontinued operation (Note 7(A))	**89.1**	107.5
Exclusion of:		
– Foreign exchange and derivative gains, net (Note 8)	**(91.4)**	(5.4)
– Gain on changes in fair value of biological assets (Note 5(A))	**(0.2)**	(13.5)
– Non-recurring items	**280.1**	720.5
Deduction of attributable taxation and non-controlling interests	**(896.5)**	(999.6)
Recurring Profit	**321.2**	290.0

5. Profit before Taxation from Continuing Operations

Profit before taxation from continuing operations is arrived at after charging/(crediting):

(A) Other Operating Expenses, Net

US$ millions	**2020**	2019 (Restated)
Loss/(gain) on disposal of property, plant and equipment, net	**32.7**	(0.7)
Impairment losses		
– Goodwill (Note 14)	**37.5**	407.5
– Property, plant and equipment (Note 11)	**24.0**	206.0
– Associated companies and joint ventures	**22.3**	6.0
– Other receivables	**11.2**	10.0
– Other intangible assets (Note 15)	**1.3**	221.8
Foreign exchange and derivative gains, net	**(92.5)**	(6.6)
Dividend income from financial assets at FVOCI (Note 18)	**(5.4)**	(5.5)
Loss/(gain) on changes in fair value of biological assets (Note 4)	**(0.2)**	(13.5)
Loss on disposal of a joint venture	**–**	308.3
Gain on deconsolidation of a subsidiary company	**–**	(621.0)
Gain on disposal of an associated company	**–**	(6.3)
Other expenses	**19.6**	20.9
Total	**50.5**	526.9

(B) Finance Costs

US$ millions	**2020**	2019 (Restated)
Finance costs on		
– Bank borrowings and other loans	**632.0**	537.9
– Lease liabilities	**4.3**	4.3
Less: Finance costs capitalized in		
– Other intangible assets	**(185.4)**	(97.2)
– Property, plant and equipment	**(8.3)**	(6.8)
Total	**442.6**	438.2

The weighted average capitalization rate of borrowings costs for 2020 was 36.4% (2019 (Restated): 24.7%).

(C) Other items

US$ millions	2020	2019 (Restated)
Cost of inventories sold	**2,722.1**	2,829.6
Cost of services rendered	**995.0**	1,288.3
Employees' remuneration (Note 36(A))	**803.2**	851.0
Depreciation	**348.0**	342.1
Amortization of other intangible assets[(i)]	**127.2**	125.9
Expenses relating to short-term leases and other leases with remaining lease terms ended on or before 31 December 2019	**13.8**	13.0
Write-down of inventories to net realizable value[(ii)] (Note 23(B))	**13.0**	9.0
Impairment losses on accounts receivable[(iii)]	**12.6**	2.9
Auditor's remuneration		
– Audit services	**4.6**	4.4
– Non-audit services[(iv)]	**1.0**	1.5
Expenses relating to leases of low-value assets	**0.6**	0.3
(Reversal of)/provision for onerous contracts, net	**(13.2)**	3.2

(i) US$110.8 million (2019 (Restated): US$109.6 million) included in cost of sales, US$13.3 million (2019: US$13.7 million) included in other operating expenses, net, and US$3.1 million (2019 (Restated): US$2.6 million) included in administrative expenses

(ii) Included in cost of sales

(iii) Included in selling and distribution expenses

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

6. Taxation

No Hong Kong profits tax (2019: Nil) has been provided as the Group had no estimated assessable profits (2019: 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.

US$ millions	2020	2019 (Restated)
Subsidiary Companies – Overseas		
Current taxation	**326.8**	323.4
Deferred taxation	**14.8**	121.0
Total	**341.6**	444.4

Included within the share of profits less losses of associated companies and joint ventures is taxation of US$107.4 million (2019 (Restated): US$110.8 million) which is analyzed as follows:

US$ millions	2020	2019 (Restated)
Associated Companies and Joint Ventures – Overseas		
Current taxation	**119.8**	128.6
Deferred taxation	**(12.4)**	(17.8)
Total	**107.4**	110.8

A reconciliation between profit before taxation multiplied by the applicable tax rates and the taxation amount is as follows:

US$ millions	2020	%	2019 (Restated)	%
Profit before Taxation				
Continuing operations	**940.1**		480.5	
A discontinued operation	**89.1**		107.5	
	1,029.2		588.0	
Notional tax on profit before taxation, calculated at the rates applicable to profits in the tax countries concerned	**232.3**	**22.6**	255.0	43.4
Tax effect of:				
– Non-deductible expenses	**61.1**	**5.9**	136.4	23.2
– Income not subject to tax	**(34.1)**	**(3.3)**	(23.3)	(4.0)
– Share of profits less losses of associated companies and joint ventures	**(63.7)**	**(6.2)**	(79.2)	(13.5)
– Effect on opening deferred tax of decrease in tax rate	**10.5**	**1.0**	–	–
– Others	**155.5**	**15.1**	178.0	30.3
Taxation at the Group's effective tax rate	**361.6**	**35.1**	466.9	79.4
Taxation arising from continuing operations	**341.6**		444.4	
Taxation arising from a discontinued operation (Note 7(A))	**20.0**		22.5	
Total	**361.6**		466.9	

In March 2020, the corporate income tax rates in Indonesia have been reduced from the rate of 25% to 22% for fiscal years 2020 and 2021, and further to 20% starting 2022.

7. A Discontinued Operation

On 23 December 2020, MPIC, through its wholly-owned subsidiary company, Beacon PowerGen, entered into a sale and purchase agreement to sell its 56% interest in GBPC to MGen, a wholly-owned subsidiary company of Meralco and an associated company of the Group, for an aggregate consideration of approximately Pesos 22.4 billion (US$466.6 million), of which 60% of the aggregate consideration will be payable by MGen in cash upon the completion of the transaction. The balance of 40% of the aggregate consideration will be payable in cash in equal instalment by MGen after six months and 18 months following the completion of the transaction. The financial results of GBPC will also be deconsolidated and be equity accounted for in the Group's Consolidated Financial Statements through the Group's investment in Meralco after the closing of the transaction.

Accordingly, GBPC was classified as a disposal group held for sale as at 31 December 2020 and a discontinued operation in the Group's 2020 Consolidated Financial Statements. Prior to the classification as a discontinued operation, the power generation business of GBPC was reported under the Group's infrastructure business segment and the Philippines geographical segment.

The transaction was approved by the Company's independent shareholders on 2 March 2021 and is expected to be completed on 31 March 2021. For details, please refer to Note 42(D) to the Consolidated Financial Statements.

(A) The results of GBPC for the years ended 31 December 2020 and 2019 are presented below:

US$ millions	2020	2019
Turnover	**425.7**	469.7
Cost of sales and services	**(274.3)**	(305.2)
Gross Profit	**151.4**	164.5
Administrative expenses	**(47.2)**	(37.5)
Other operating (expenses)/income, net	**(1.3)**	2.6
Interest income	**2.8**	9.0
Finance costs	**(35.4)**	(39.2)
Share of profits less losses of associated companies and joint ventures	**18.8**	8.1
Profit before Taxation from a Discontinued Operation (Note 4)	**89.1**	107.5
Taxation (Note 6)	**(20.0)**	(22.5)
Profit for the Year from a Discontinued Operation	**69.1**	85.0

(B) The major class of assets and liabilities of GBPC classified as held for sale as at 31 December 2020 are as follows:

US$ millions	2020
Assets	
Property, plant and equipment (Note 11)	**1,010.7**
Investments in associated companies and joint ventures	**105.0**
Other intangible assets (Note 15)	**49.2**
Deferred tax assets (Note 19)	**19.8**
Other non-current assets	**9.4**
Cash and cash equivalents	**138.6**
Short-term deposits with original maturity of more than three months	**14.8**
Restricted cash	**42.7**
Accounts receivable, other receivables and prepayments (Current)	**141.3**
Inventories	**50.5**
Assets of a Disposal Group Classified as Held for Sale (Note 24)	**1,582.0**
Liabilities	
Accounts payable, other payables and accruals	**129.0**
Short-term borrowings (Note 34(H))	**156.6**
Provision for taxation (Note 27)	**7.9**
Long-term borrowings (Note 34(H))	**437.2**
Deferred liabilities, provisions and payables (Note 28)	**64.2**
Deferred tax liabilities (Note 19)	**48.9**
Liabilities Directly Associated with the Assets Classified as Held for Sale (Note 24)	**843.8**
Net Assets Directly Associated with the Disposal Group	**738.2**
Reserves	
Actuarial gains on defined benefit pension plans	**1.1**
Reserves Directly Associated with the Disposal Group	**1.1**

(C) The net cash flows incurred by GBPC are as follows:

US$ millions	**2020**	2019
Operating activities	**112.4**	123.5
Investing activities	**(2.5)**	(3.7)
Financing activities	**(143.5)**	(134.4)
Net Cash Outflow	**(33.6)**	(14.6)

8. Profit/(Loss) Attributable to Owners of the Parent

The profit/(loss) attributable to owners of the parent includes net foreign exchange and derivative gains of US$34.1 million (2019: US$6.8 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$0.1 million (2019: US$3.0 million) and non-recurring losses of US153.8 million (2019: US$553.7 million).

Analysis of Foreign Exchange and Derivative Gains/(Losses), Net

US$ millions	**2020**	2019
Foreign exchange and derivative gains/(losses)		
– Subsidiary companies	**92.1**	6.3
– Associated companies and joint ventures	**(0.7)**	(0.9)
Subtotal (Note 4)	**91.4**	5.4
Attributable to taxation and non-controlling interests	**(57.3)**	1.4
Total	**34.1**	6.8

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 2020, non-recurring losses of US$153.8 million mainly represent (a) the Group's impairment provisions for assets, including investments in RHI, goodwill, property, plant and equipment, deferred costs and others (US$74.1 million), loss on disposal of La Carlota assets (US$15.8 million) and debt refinancing costs (US$7.5 million), and (b) PLDT's manpower reduction costs (US$9.5 million) and accelerated amortization for Sun trademark (US$6.8 million), and PLP's provisions for take-or-pay obligation and onerous contracts (US$7.4 million).

9. Earnings/(Loss) Per Share Attributable to Owners of the Parent

The calculation of the basic earnings/(loss) per share is based on the profit/(loss) for the year attributable to owners of the parent, and the weighted average number of ordinary shares of 4,344.9 million (2019: 4,344.1 million) in issue less the weighted average number of ordinary shares held for a share award scheme of 6.1 million (2019: 5.1 million) during the year.

The calculation of the diluted earnings/(loss) per share is based on the profit/(loss) 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 earnings/(loss) 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 earnings/(loss) per share are based on:

US$ millions	2020	2019 (Restated)
Earnings/(Loss)		
Profit/(loss) attributable to owners of the parent used in the basic and diluted earnings/(loss) per share calculation		
Continuing operations	**181.1**	(269.7)
A discontinued operation	**20.5**	15.8
	201.6	(253.9)

Millions	Number of shares 2020	2019
Shares		
Weighted average number of ordinary shares issued during the year	**4,344.9**	4,344.1
Less: Weighted average number of ordinary shares held for a share award scheme	**(6.1)**	(5.1)
Weighted average number of ordinary shares used in the basic earnings/(loss) per share calculation	**4,338.8**	4,339.0
Add: Dilutive impact of awarded shares on the weighted average number of ordinary shares	**6.5**	–
Weighted average number of ordinary shares used in the diluted earnings/(loss) per share calculation	**4,345.3**	4,339.0

For the year ended 31 December 2020, the effect of share options (2019: share options and awarded shares) of the Company on the weighted average number of ordinary shares was anti-dilutive and therefore not included in the above calculation of diluted earnings/(loss) per share.

10. Ordinary Share Distribution

	U.S. cents per ordinary share		US$ millions	
	2020	2019	**2020**	2019
Interim	**0.90**	0.83	**39.2**	36.0
Proposed final/final	**0.96**	0.90	**41.8**	39.2
Total	**1.86**	1.73	**81.0**	75.2

The proposed final distribution for the year ended 31 December 2020 is subject to the approval of the Company's shareholders at the forthcoming AGM.

11. Property, Plant and Equipment

US$ millions	Right-of-use assets: Land and buildings	Right-of-use assets: Machinery and equipment	Freehold land and buildings	Machinery, equipment and vessels	Bearer plants	Construction in progress	**Total**
Cost							
At 1 January 2020	559.4	19.0	1,214.2	4,396.0	1,164.5	159.9	**7,513.0**
Exchange translation	(0.6)	0.5	4.2	69.5	(15.1)	(3.7)	**54.8**
Additions	130.2	9.8	101.4	84.4	51.5	70.4	**447.7**
Acquisition of a subsidiary company (Note 34(C))	1.5	0.5	50.5	39.4	–	1.3	**93.2**
Disposals	(2.1)	(0.4)	(45.7)	(138.8)	–	(9.1)	**(196.1)**
Reclassification(i)	–	–	53.3	62.1	(3.3)	(115.4)	**(3.3)**
Reclassification from assets classified as held for sale (Note 24)	–	–	71.8	68.5	–	1.3	**141.6**
Other movements	–	–	(34.1)	5.1	–	–	**(29.0)**
Attributable to a discontinued operation (Note 7(B))	(1.5)	–	(37.9)	(1,206.1)	–	–	**(1,245.5)**
At 31 December 2020	686.9	29.4	1,377.7	3,380.1	1,197.6	104.7	**6,776.4**
Accumulated Depreciation and Impairment							
At 1 January 2020	36.8	11.2	362.4	1,789.4	374.5	–	**2,574.3**
Exchange translation	1.8	0.4	(2.3)	14.0	(4.1)	–	**9.8**
Depreciation for the year	36.8	11.4	53.2	286.4	34.9	–	**422.7**
Impairment for the year (Note 5(A))	–	–	–	24.0	–	–	**24.0**
Disposals	(0.3)	(0.2)	(10.1)	(46.3)	–	–	**(56.9)**
Other movements	–	–	(0.8)	–	–	–	**(0.8)**
Attributable to a discontinued operation (Note 7(B))	(1.3)	–	(4.8)	(228.7)	–	–	**(234.8)**
At 31 December 2020	73.8	22.8	397.6	1,838.8	405.3	–	**2,738.3**
Net Carrying Amount at 31 December 2020	613.1	6.6	980.1	1,541.3	792.3	104.7	**4,038.1**

(i) Reclassification from bearer plants to other non-current assets

US$ millions	Right-of-use assets Land and buildings	Right-of-use assets Machinery and equipment	Freehold land and buildings	Machinery, equipment and vessels	Bearer plants	Construction in progress	Total
Cost							
At 1 January 2019	544.9	17.5	1,254.2	4,224.9	1,062.1	186.9	7,290.5
Exchange translation	21.6	0.6	50.9	166.3	45.3	7.1	291.8
Additions	7.9	1.0	105.1	136.6	63.2	67.2	381.0
Acquisition of subsidiary companies (Note 34(C))	–	–	–	0.2	–	–	0.2
Disposals	(0.6)	(0.1)	(2.0)	(43.7)	(0.7)	–	(47.1)
Deconsolidation of a subsidiary company	(14.4)	–	(232.8)	(168.2)	–	–	(415.4)
Reclassification(i)	–	–	27.3	71.2	(5.4)	(101.3)	(8.2)
Reclassification from assets classified as held for sale (Note 24)	–	–	11.5	8.7	–	–	20.2
At 31 December 2019	559.4	19.0	1,214.2	4,396.0	1,164.5	159.9	7,513.0
Accumulated Depreciation and Impairment							
At 1 January 2019	–	–	328.9	1,336.3	327.7	–	1,992.9
Exchange translation	0.6	0.1	9.0	90.3	14.3	–	114.3
Depreciation for the year	32.1	11.1	65.7	265.6	29.9	–	404.4
Impairment for the year (Note 5(A))	5.3	–	1.8	196.3	2.6	–	206.0
Disposals	–	–	(0.3)	(28.0)	–	–	(28.3)
Deconsolidation of a subsidiary company	(1.2)	–	(42.7)	(71.1)	–	–	(115.0)
At 31 December 2019	36.8	11.2	362.4	1,789.4	374.5	–	2,574.3
Net Carrying Amount at 31 December 2019	522.6	7.8	851.8	2,606.6	790.0	159.9	4,938.7

(i) Reclassification from freehold land and buildings to investment properties and from bearer plants to other non-current asset

For the year ended 31 December 2020, an impairment loss of US$24.0 million was recognized in respect of the property, plant and equipment for the Group's alcohol business.

For the year ended 31 December 2019, impairment losses of US$191.2 million, US$8.5 million and US$6.3 million were recognized in respect of the property, plant and equipment for the Group's power, logistics and plantation businesses, respectively.

Property, plant and equipment with a net carrying amount of US$619.0 million (2019: US$1,778.0 million) were pledged as security for certain of the Group's banking facilities (Note 26(E)).

12. Biological Assets

US$ millions	Timber plantations 2020	Timber plantations 2019	Agricultural produce of bearer plants 2020	Agricultural produce of bearer plants 2019	Total 2020	Total 2019
At 1 January	**22.6**	22.7	**52.0**	36.1	**74.6**	58.8
Exchange translation	**(0.3)**	0.9	**(0.5)**	1.7	**(0.8)**	2.6
Additions	**0.8**	0.5	**17.4**	17.5	**18.2**	18.0
Decreases due to harvest	**(0.3)**	(0.9)	**(14.0)**	(17.4)	**(14.3)**	(18.3)
(Loss)/gain on changes in fair value of biological assets, net	**(0.6)**	(0.6)	**0.8**	14.1	**0.2**	13.5
At 31 December	**22.2**	22.6	**55.7**	52.0	**77.9**	74.6
Presented as:						
Non-current Portion	**22.2**	22.6	**–**	–	**22.2**	22.6
Current Portion	**–**	–	**55.7**	52.0	**55.7**	52.0
Total	**22.2**	22.6	**55.7**	52.0	**77.9**	74.6

(A) The Group's biological assets primarily comprise timber plantations and unharvested agricultural produce of bearer plants owned by Indofood. For timber plantations, the Group appointed an independent valuer, Kantor Jasa Penilai Publik Benedictus Darmapuspita dan Rekan, to determine their fair values annually and any resultant gains or losses arising from the changes in fair values are recognized in profit or loss. The independent valuer measured the fair value of timber using a discounted cash flow model. For the unharvested agricultural produce of bearer plants, which mainly comprise FFB, latex, sugar cane and oil palm seeds, the Group has applied the actual harvest data subsequent to the year end and applicable market prices to derive the fair value of FFB and latex, and discounted cash flow models to derive the fair values of sugar cane and oil palm seeds.

(B) Timber plantations – Key assumptions applied in determining the fair values of the timber plantations are as follows:

(a) Timber trees are available for harvest only once about eight years from initial planting.

(b) The discount rate used represents the asset specific rate for the Group's timber plantation operations which is applied in the discounted future cash flows calculation.

(c) The projected selling price of logs over the projection period are based on the actual domestic price of the produce which is extrapolated based on changes of plywood log price published by the World Bank.

(C) FFB and latex – Key assumptions applied in determining the fair values of FFB and latex are as follows:

(a) Estimated volume of subsequent harvest as of the reporting date.

(b) Selling prices of FFB and latex based on the market prices at the year end.

(D) Sugar cane – Key assumptions applied in determining the fair values of the sugar cane are as follows:

(a) Cane trees are available for annual harvest for 12 months after initial planting, and subsequently up to three more annual harvests.

(b) The discount rate used represents the asset specific rate for the Group's sugar cane which is applied in the discounted future cash flows calculation.

(c) The projected selling price of sugar over the projection period is based on the extrapolation of market prices and the forecasted price trend from the World Bank, but not exceeding the highest retail price imposed by the Ministry of Trade of Indonesia.

(E) Oil palm seeds – Key assumptions applied in determining the fair values of the oil palm seeds are as follows:

(a) Estimated volume of six months subsequent harvest as of the reporting date.

(b) The discount rate used represents the asset specific rate for the oil palm seed which is applied in the discounted future cash flows calculation.

(c) The projected selling price of oil palm seeds over the projection period is based on the extrapolation of market prices.

(F) The fair values of FFB and rubber agricultural produce are determined at Level 2 of the fair value hierarchy based on the applicable market prices applied to the estimated volume of the produce, while the Group's timber plantations, sugar cane and oil palm seeds are measured using fair value categorized within Level 3 of the fair value hierarchy. During the year ended 31 December 2020, there were no transfers (2019: None) among Level 1, Level 2 and Level 3 fair value measurements. Key unobservable inputs used in determining the fair value of the Group's timber plantations, sugar cane and oil palm seeds under Level 3 fair value measurements are as follows:

Inputs	Range of Quantitative Inputs	Relationship between the Inputs and the Fair Value
Discount rate	Timber: 10.8% (2019: 12.0%) Sugar cane: 10.4% (2019: 11.2%) Oil palm seeds: 11.4% (2019: 11.1%)	An increase/a decrease in the discount rate would result in a decrease/an increase in the fair value of biological assets.
Selling price of processed agricultural produce	Timber: Rupiah 492,522/m^3 – Rupiah 2,763,653/m^3 (US\$34.9/m^3 – US\$195.9/m^3) (2019: Rupiah 469,046/m^3 – Rupiah 3,360,947/m^3 (US\$33.7/m^3 – US\$241.8/m^3)) Sugar cane: Rupiah 558,782/tonne (US\$39.6/tonne) (2019: Rupiah 631,602/tonne (US\$45.4/tonne)) Oil palm seeds: Rupiah 8,023/piece – Rupiah 8,800/piece (US\$0.57/piece – US\$0.62/piece) (2019: Rupiah 9,000/piece (US\$0.65/piece))	An increase/a decrease in the commodity prices would result in an increase/a decrease in fair value of biological assets.
Average production yield of agricultural produce	Timber: 94 m^3/hectare (2019: 96 m^3/hectare) Sugar cane: 77 tonnes/hectare (2019: 63 tonnes/hectare) Oil palm seeds: 747 pieces/bunch (2019: 807 pieces/bunch)	An increase/a decrease in production yields would result in an increase/a decrease in the fair value of biological assets.
Exchange rate	Rupiah 14,200/US\$1 – Rupiah 14,600/US\$1 (2019: Rupiah 14,200/US\$1 – Rupiah 14,400/US\$1)	An appreciation/a depreciation in the exchange rate of the rupiah against the US\$ would result in a decrease/an increase in the fair value of biological assets.
Inflation rate	3.0% (2019: 3.0% – 3.1%)	An increase/a decrease in the inflation rate would result in a decrease/an increase in fair value of biological assets.

(G) The unaudited non-financial measure and output of agricultural produce are as follows:

The Group has timber plantation concession rights of 72,875 hectares (2019: 72,875 hectares) which are valid until 2035 and 2049. The total area of timber plantations as at 31 December 2020 was 15,955 hectares (2019: 16,134 hectares).

The physical quantities of agricultural produce of FFB, latex, sugar cane and oil palm seeds harvested from oil palm plantations, rubber plantations, cane plantations and mother palm plantations, respectively, during the year are as follows:

	Unit of measurement	**2020**	2019
FFB	Thousand tonnes	**2,986**	3,300
Latex	Thousand tonnes	**8**	8
Sugar cane	Thousand tonnes	**895**	804
Oil palm seeds	Million pieces	**6.7**	7.2

13. Associated Companies and Joint Ventures

	Associated companies		**Joint ventures**		**Total**	
US$ millions	**2020**	2019	**2020**	2019	**2020**	2019
Shares, at cost						
– Listed	**5,384.2**	5,248.1	**–**	–	**5,384.2**	5,248.1
– Unlisted	**1,184.7**	727.6	**90.9**	102.5	**1,275.6**	830.1
Share of post-acquisition reserves (Note 31)	**(1,318.6)**	(1,312.4)	**(26.8)**	(35.8)	**(1,345.4)**	(1,348.2)
Amounts due from associated companies and joint ventures	**–**	37.1	**–**	20.6	**–**	57.7
Total	**5,250.3**	4,700.4	**64.1**	87.3	**5,314.4**	4,787.7

(A) At 31 December 2020 and 2019, both the listed and unlisted investments were located outside Hong Kong.

(B) At 31 December 2020, the aggregate market value of listed investments in associated companies was US$5,020.0 million (2019: US$4,507.8 million) based on quoted market prices. The dividends received from associated companies during the year ended 31 December 2020 amounted to US$257.1 million (2019: US$265.2 million received from associated companies and a joint venture).

(C) Additional details of the Group's associated companies, PLDT and Philex, are set out on page 235.

(D) PLDT was incorporated under the laws of the Philippines on 28 November 1928 to provide telephone services in the Philippines. PLDT's charter was initially limited to a period of 50 years but has since been extended twice for 25 years each, the last extension being for an additional 25-year period ending in 2028. Under its amended charter, which became effective on 24 August 1991, PLDT is authorized to provide virtually every type of telecommunications services, both within the Philippines and between the Philippines and other countries. PLDT operates under the jurisdiction of the Philippine National Telecommunications Commission which jurisdiction extends, among other things, to approving major services offered by PLDT and certain rates charged by PLDT.

In October 2012, PLDT issued 150 million shares of Voting Preferred Stock with a par value of Peso 1 each to BTF Holdings, Inc., a company wholly-owned by the Board of Trustees for the Account of PLDT's Beneficial Trust Fund, which reduced the voting interest of the Group and its Philippine affiliates in PLDT from approximately 25.6% to approximately 15.1%. Nevertheless, the economic interests of the Group and its Philippine affiliates in PLDT remain at approximately 25.6%. Notwithstanding that the Group and its Philippine affiliates have less than a 20% voting interest in PLDT, the Group and its Philippine affiliates have sufficient representatives in PLDT's current 13-member board of directors to exercise significant influence over the operating and financial policy decisions of PLDT. Therefore, the Group continues to account for PLDT as an associated company after the said transaction.

(E) Philex was incorporated under the laws of the Philippines in 1955 to engage in mining activities. Philex is primarily engaged in large-scale exploration, development and utilization of mineral resources. Philex has operated for the past 62 years at the deposit at Padcal (Tuba Benguet Province, Island of Luzons) for producing gold, copper and silver as its main products and owns the deposits at Boyongan and Bayugo (Surigao del Norte, the Northern of Mindanao) (the Silangan Project), of which the definitive feasibility study for the deposit at Boyongan has been completed in July 2019. The Silangan Project is ready for development once a strategic partner is identified. In addition, Philex shall increase its interest in Kalayaan Copper Resources, Inc. from 5% to 60%, by solely funding all pre-development expenses of the deposit at Placer, Surigao del Norte.

(F) Meralco was incorporated under the laws of the Philippines in 1903 and was granted a franchise to provide electric power distribution services in the Philippines. In June 2003, Meralco was granted a new 25-year franchise to construct, operate, and maintain an electric distribution system in the cities and municipalities of Bulacan, Cavite, Metro Manila, and Rizal and certain cities, municipalities, and barangays in Batangas, Laguna, Pampanga, and Quezon. Meralco is subject to the rate-setting regulations and regulatory policies of the Philippine Energy Regulatory Commission.

(G) MPHHI was incorporated under the laws of the Philippines in 2004, and together with its subsidiary companies, associated companies and joint ventures, is the largest private hospital group in the Philippines and focused on delivering high-quality healthcare solutions to patients in the Philippines. MPHHI was originally a subsidiary company of the Group; however, it has become an associated company of the Group following the deconsolidation on 9 December 2019 upon the loss of control.

(H) At 31 December 2019, amounts due from associated companies and joint ventures were unsecured, interest-free and had no fixed terms of repayment.

(I) The Group's associated companies and joint ventures are involved in certain legal, contractual and regulatory matters arising from the ordinary course of business. The management of the associated companies and joint ventures, together with their legal counsels, reassess these matters regularly to consider any new relevant information and estimates.

(J) Additional financial information under HKFRSs in respect of the Group's major associated companies measured using the equity method, PLDT, Philex, Meralco and MPHHI, is set out below.

	PLDT		Philex		Meralco		MPHHI	
For the year ended/ at 31 December US$ millions	**2020**	2019	**2020**	2019	**2020**	2019	**2020**	2019
Statements of Comprehensive Income								
Turnover	**3,657.4**	3,280.7	**158.3**	131.6	**5,562.8**	6,172.5	**299.3**	308.7
Profit/(loss) for the year	**496.7**	441.8	**24.8**	(12.6)	**326.3**	453.2	**6.8**	24.0
Other comprehensive (loss)/income	**(86.7)**	(119.8)	**1.6**	(1.6)	**(86.9)**	(58.1)	**(0.5)**	(1.5)
Total Comprehensive Income/(Loss)	**410.0**	322.0	**26.4**	(14.2)	**239.4**	395.1	**6.3**	22.5
Dividends Received	**84.1**	76.0	**0.4**	–	**156.3**	159.6	**–**	–
Statements of Financial Position								
Current assets	**1,820.9**	1,492.4	**71.7**	57.7	**2,673.5**	2,324.0	**135.4**	158.7
Non-current assets	**10,170.9**	8,875.6	**739.2**	690.7	**5,453.7**	4,726.1	**606.5**	430.3
Current liabilities	**(4,446.8)**	(4,037.3)	**(87.9)**	(97.3)	**(2,969.5)**	(2,518.9)	**(139.2)**	(116.3)
Non-current liabilities	**(5,053.0)**	(4,034.1)	**(218.5)**	(197.5)	**(3,476.5)**	(2,847.9)	**(89.2)**	(34.6)
Non-controlling interests	**(88.7)**	(85.0)	**–**	–	**(31.1)**	(20.0)	**(124.9)**	(63.1)
Net Assets	**2,403.3**	2,211.6	**504.5**	453.6	**1,650.1**	1,663.3	**388.6**	375.0

Reconciliation to Carrying Amounts of the Group's Interests in the Major Associated Companies

	PLDT		Philex		Meralco		MPHHI	
At 31 December US$ millions	**2020**	2019	**2020**	2019	**2020**	2019	**2020**	2019
Net assets	**2,403.3**	2,211.6	**504.5**	453.6	**1,650.1**	1,663.3	**388.6**	375.0
Economic interest	**25.6%**	25.6%	**46.2%**	46.2%	**45.5%**	45.5%	**20.0%**	20.0%
Group's share of net assets	**615.2**	566.2	**233.1**	209.6	**750.8**	756.8	**77.7**	75.0
Purchase price allocation and other adjustments	**586.3**	587.9	**(72.2)**	(40.0)	**1,939.1**	1,823.8	**269.6**	253.6
Carrying Amount of the Investment	**1,201.5**	1,154.1	**160.9**	169.6	**2,689.9**	2,580.6	**347.3**	328.6
Quoted Fair Value of the Investment	**1,541.6**	1,077.8	**235.2**	127.5	**3,115.9**	3,207.7	**N/A**	N/A

(K) Aggregate financial information of the Group's share of the amounts of its associated companies and joint ventures that are not individually material is set out below.

	Associated companies		Joint ventures	
For the year ended 31 December US$ millions	**2020**	2019	**2020**	2019
Share of profit/(loss) for the year	**14.9**	22.8	**8.5**	(1.8)
Share of other comprehensive (loss)/income	**(24.7)**	8.4	**(15.0)**	(6.5)
Share of Total Comprehensive (Loss)/Income	**(9.8)**	31.2	**(6.5)**	(8.3)
Aggregate carrying amount of the Group's investments	**850.7**	430.4	**64.1**	66.7
Amounts due from associated companies and joint ventures	**–**	37.1	**–**	20.6
Aggregate Carrying Amount of the Group's Investments	**850.7**	467.5	**64.1**	87.3

14. Goodwill

US$ millions	2020	2019
Cost		
At 1 January	**1,192.2**	1,197.9
Exchange translation	**177.5**	39.9
Acquisition of subsidiary companies (Note 34(C))	**3,554.2**	6.5
Deconsolidation of a subsidiary company	**–**	(38.1)
Other movements	**(3.7)**	(14.0)
At 31 December	**4,920.2**	1,192.2
Accumulated Impairment		
At 1 January	**499.0**	86.4
Exchange translation	**17.4**	5.1
Impairment for the year (Note 5(A))	**37.5**	407.5
At 31 December	**553.9**	499.0
Net Carrying Amount at 31 December	**4,366.3**	693.2
Attributable to the Businesses of:		
Indofood – Noodles	**3,703.0**	–
– Plantations	**223.8**	231.7
– Dairy	**113.6**	115.3
MPIC – Toll roads	**305.7**	291.1
Others	**20.2**	55.1
Total	**4,366.3**	693.2

(A) Goodwill is allocated to the Group's CGUs identified under different reportable segments. Goodwill at 31 December 2020 and 2019 mainly related to (a) Indofood's businesses (principally noodles, plantations and dairy (2019: plantations and dairy)) which contributed to the Group's consumer food products business segment mainly located in the Middle East and Africa, and Indonesia (2019: Indonesia), and (b) MPIC's businesses (principally toll roads) which contributed to the Group's infrastructure business segment located in the Philippines and Indonesia.

(B) Goodwill in relation to Indofood's noodles business arising from the acquisition of Pinehill of US$3,703.0 million at 31 December 2020 is provisional as the purchase price allocation exercise has not yet been finalized. The Group considers that the assumptions used in the valuation are still valid and there are no triggering events which would indicate an impairment of the goodwill at 31 December 2020.

(C) In assessing the impairment for goodwill, the Group compares the carrying amounts of the CGUs to which goodwill has been allocated against their recoverable amounts (the higher of the CGUs' fair value less costs of disposal and their value in use). The recoverable amounts of Indofood's and MPIC's businesses have been determined based on value in use calculations, using cash flow projections covering periods from 5 years (for established plantations and the dairy companies) (2019: 5 years) up to 10 years (for the plantation estates in early development stage) (2019: 10 years) for Indofood's businesses, and 8 to 28 years (2019: 9 to 29 years) of the remaining concession lives for MPIC's toll road business. The discount rates applied to cash flow projections range from 6.3% to 13.0% (2019: 6.8% to 13.4%) for Indofood's businesses, and 9.4% to 12.0% (2019: 13.9% to 20.0%) for MPIC's toll road business. The discount rates used are pre-tax and reflect specific risks relating to the relevant businesses.

In the assessment of the recoverable amount of Indofood's plantation businesses, the projected prices of CPO are based on the World Bank forecast for the projection period; the projected selling prices of RSS1 and other rubber products of the Group over the projection period are based on the extrapolation of historical selling prices and the forecasted price trend from the World Bank; the sugar prices used in the projection are based on the extrapolation of historical selling prices and the forecasted price trend from the World Bank, but not exceeding the highest retail price imposed by the Ministry of Trade of Indonesia; and, the projected selling price of logs over the projection period are based on actual domestic price of produce which is extrapolated based on changes of plywood log price published by World Bank. The forecasted periods for Indofood's plantation businesses in an early development stage are more than five years as the plantations, mainly comprising oil palm plantations, are either in an immature stage or early state of maturity and will only reach maturity in the fourth year. The cash flows beyond the projection periods are extrapolated using an estimated average terminal growth rates ranging from 3.0% to 5.3% (2019: 5.2%) which does not exceed the long-term average growth rate of the industry in Indonesia where the businesses operate.

In the assessment of the recoverable amount of Indofood's dairy businesses, their values in use were calculated based on their cash flow projections as per the most recent financial budgets and forecasts, which management believes are reasonable and are management's best estimates of the ranges of economic conditions that will exist over the forecast period. The cash flows beyond the projection periods are extrapolated using an estimated terminal growth rate of 5.0% (2019: 5.0%) which does not exceed the long-term average growth rate of the industry in Indonesia where the businesses operate.

In the assessment of the recoverable amount of MPIC's toll road businesses, their values in use were calculated based on their cash flow projections as per the most recent financial budgets and forecasts, which management believes are reasonable and are management's best estimates of the ranges of economic conditions that will exist over the forecast period. The forecasted periods are more than five years as management can reliably estimate the cash flows for their entire concession periods. The cash flows during the projection periods are derived using estimated average growth rates ranging from 2.5% to 4.8% (2019: 2.6% to 23.0%) which do not exceed the long-term average growth rates of the industries in the Philippines and Indonesia where the businesses operate.

Changes to the assumptions used by management to determine the recoverable amounts, in particular the discount and growth rates, can have a significant impact on the results of the assessment. Management is of the opinion that no reasonably possible change in any of the key assumptions stated above would cause the carrying amounts of the goodwill for each of the CGUs to materially exceed the recoverable amounts.

For the year ended 31 December 2020, the Group recognized an aggregate impairment loss of US$37.5 million (2019: US$61.0 million) mainly relating to the goodwill arising from Indofood's plantations, PNW's water distribution, MPIC's logistics and RHI's alcohol businesses (2019: Indofood's plantations, PHI's water distribution, MPIC's logistics and other businesses) as the recoverable amounts were lower than the carrying amounts.

For the year ended 31 December 2019, the Group recognized an impairment loss of US$214.6 million in relation to the CGU of PLP's power business. The impairment loss arose mainly due to (a) continuous intense competition as a result of over-supply of electricity in the Singapore electricity market, (b) the low crude oil prices affecting the price competitiveness of PLP (which is only fueled by liquefied natural gas ("LNG")) owing to the different pricing mechanisms between piped natural gas ("PNG") and LNG, the impending effect of IMO 2020 further widened the spread between PNG and LNG, (c) higher business risks as PLP continues to incur operating losses, record deteriorating non-fuel margins over the past few years, and require shareholders' equity injections to help in meeting the debt covenant, and (d) negotiate with the lenders to suspend the debt covenant testing and principal repayment through a standstill arrangement.

For the year ended 31 December 2019, the Group also recognized an impairment loss of US$131.9 million in relation to the CGU of Maynilad's water distribution business. The impairment loss arose mainly due to potential adverse changes to the terms of the concession agreement and higher business risks in view of the political and regulatory environment where Maynilad operates.

15. Other Intangible Assets

US$ millions	Concession assets – Water distribution	Concession assets – Toll roads	Concession assets – Rail	Brands – Dairy	Brands, networks and licenses – Packaged drinking water	Customer list and licenses – Wastewater and sewage treatment	Bilateral and vesting contracts – Power	Software and others	**Total**
Cost									
At 1 January 2020	2,852.9	2,402.4	492.3	291.2	98.2	11.3	83.4	18.5	**6,250.2**
Exchange translation	159.8	127.0	30.4	(4.2)	(1.4)	0.6	4.0	0.8	**317.0**
Additions	180.3	536.9	117.0	–	–	–	–	1.0	**835.2**
Other movements	7.4	–	–	–	–	–	–	–	**7.4**
Attributable to a discontinued operation (Note 7(B))	–	–	–	–	–	–	(71.0)	(0.8)	**(71.8)**
At 31 December 2020	3,200.4	3,066.3	639.7	287.0	96.8	11.9	16.4	19.5	**7,338.0**
Accumulated Amortization and Impairment									
At 1 January 2020	807.7	190.2	–	167.2	38.3	2.0	27.6	12.5	**1,245.5**
Exchange translation	46.5	10.3	–	(1.8)	(0.5)	0.1	1.3	0.4	**56.3**
Amortization for the year	81.2	27.9	–	14.0	–	0.8	4.4	1.9	**130.2**
Impairment for the year (Note 5(A))	–	–	–	1.2	0.1	–	–	–	**1.3**
Attributable to a discontinued operation (Note 7(B))	–	–	–	–	–	–	(22.0)	(0.6)	**(22.6)**
At 31 December 2020	935.4	228.4	–	180.6	37.9	2.9	11.3	14.2	**1,410.7**
Net Carrying Amount at 31 December 2020	2,265.0	2,837.9	639.7	106.4	58.9	9.0	5.1	5.3	**5,927.3**

US$ millions	Concession assets – Water distribution	Concession assets – Toll roads	Concession assets – Rail	Brands – Dairy	Brands, networks and licenses – Packaged drinking water	Customer list and licenses – Wastewater and sewage treatment	Bilateral and vesting contracts – Power	Software and others	Total
Cost									
At 1 January 2019	2,437.2	1,796.9	308.2	279.5	93.7	10.8	80.7	34.2	5,041.2
Exchange translation	97.9	78.4	14.9	11.7	4.0	0.5	2.7	0.9	211.0
Acquisition of subsidiary companies (Note 34(C))	26.4	–	–	–	–	–	–	–	26.4
Additions	291.4	527.1	169.2	–	0.5	–	–	2.7	990.9
Deconsolidation of a subsidiary company	–	–	–	–	–	–	–	(4.1)	(4.1)
Other movements	–	–	–	–	–	–	–	(15.2)	(15.2)
At 31 December 2019	2,852.9	2,402.4	492.3	291.2	98.2	11.3	83.4	18.5	6,250.2
Accumulated Amortization and Impairment									
At 1 January 2019	488.1	150.9	–	146.3	36.7	1.3	22.5	12.9	858.7
Exchange translation	24.1	6.4	–	6.4	1.6	0.2	0.7	0.3	39.7
Amortization for the year	74.1	32.9	–	14.5	–	0.5	4.4	2.4	128.8
Deconsolidation of a subsidiary company	–	–	–	–	–	–	–	(3.1)	(3.1)
Impairment for the year (Note 5(A))	221.4	–	–	–	–	–	–	0.4	221.8
Other movements	–	–	–	–	–	–	–	(0.4)	(0.4)
At 31 December 2019	807.7	190.2	–	167.2	38.3	2.0	27.6	12.5	1,245.5
Net Carrying Amount at 31 December 2019	2,045.2	2,212.2	492.3	124.0	59.9	9.3	55.8	6.0	5,004.7

(A) Concession assets – Water distribution represents the exclusive rights granted to Maynilad, PNW, MPIWI, PHI, MIBWSC, PT Sarana Catur Tirta Kelola ("PT SCTK") and MPDW to provide water distribution, sewerage services and water production in the Philippines, Vietnam and Indonesia, and charge users for these services during their concession periods.

Additions to the concession assets for water distribution include costs of rehabilitation, construction costs, concession fees paid, payable for expansion projects and capitalized borrowing costs.

(a) Maynilad

In February 1997, Maynilad entered into a concession agreement with MWSS, with respect to the MWSS West Service Area. Under the concession agreement, MWSS grants Maynilad, the sole right to manage, operate, repair, decommission and refurbish all fixed and movable assets required to provide water and sewerage services in the West Service Area for 25 years ending in 2022. In September 2009, MWSS approved an extension of its concession agreement with Maynilad for another 15 years to 2037. The legal titles to all property, plant and equipment contributed to the existing MWSS system by Maynilad during the concession period remain with Maynilad until the expiration date at which time, all rights, titles and interests in such assets will automatically vest to MWSS.

Under the concession agreement, Maynilad is entitled to (a) an annual standard rate adjustment to compensate for increases in the consumer price index subject to a rate adjustment limit; (b) an extraordinary price adjustment to account for the financial consequences of the occurrence of certain unforeseen events subject to grounds stipulated in the concession agreement; and (c) a rate rebasing mechanism which allows rates to be adjusted every five years to enable Maynilad to efficiently and prudently recover expenditures incurred, Philippine business taxes and payments corresponding to debt services on concession fees and Maynilad loans incurred to finance such expenditure.

On 11 December 2019, Maynilad received a letter from MWSS informing Maynilad that the MWSS Board of Trustees ("MWSS Board") passed a resolution in its special meeting on 5 December 2019 to revoke the extension of Maynilad's concession period from its original expiry in 2022 to 2037 (the "Subject Resolution"). Subsequently, when Maynilad formally asked MWSS and the Regulatory Office what the effect of the Subject Resolution is, the Regulatory Office stated that "as of to date, 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" in a letter to Maynilad dated 23 December 2019.

However, the Philippine government has still ordered a review and amendment to Maynilad's concession agreement. As a result, the rate adjustments of Pesos 1.95/cubic meter originally effective on 1 January 2020 and 2021, respectively, were not implemented. Also, on 2 January 2020, Maynilad 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. The potential amendments to the concession agreement may affect, among others, future tariff increases and service commitments, and the concession period. Any future amendments to the provisions of the concession agreement will be reflected in the Consolidated Financial Statements as these are determined. As at the date of these financial statements, Maynilad has not been advised of any amendments to the provisions of the concession agreement.

(b) PNW

In September 2019, MPW increased its interest in PNW to 52.5% by acquiring an additional 7.5% interest and had started consolidation of PNW since then. Pursuant to a 50-year Build-Own-Operate contract with the Chu Lai Open Economic Zone Authority of Vietnam, PNW is licensed to develop a water supply system that will meet clean water demand in the Chu Lai Open Economic Zone, and urban areas, industrial zones and adjacent rural areas in Quang Nam province in Vietnam. PNW commenced operations in July 2019.

(c) MPIWI
On 13 November 2018, MPW entered into a joint venture agreement with Metro Iloilo Water District ("MIWD") for the rehabilitation, operation, maintenance and expansion of MIWD's existing water distribution system and construction of wastewater facilities (the "Project"). On 17 January 2019, MPIWI, 80% owned by MPW and 20% owned by MIWD, was established pursuant to the joint venture agreement. MPIWI shall implement the Project and will have the right to bill and collect tariff for the water supply and wastewater services provided to the customers in the service area of MIWD with an initial term of 25 years from commencement date. MPIWI commenced operations in July 2019.

(d) PHI
In August 2012, Maynilad acquired a 100% interest in PHI, which engages in the water distribution business in central and southern Luzon. PHI is granted the sole right to distribute water in these areas under certain concession agreements granted by the Philippine government for 25 years to 2035.

(e) MIBWSC
On 4 July 2016, pursuant to a joint venture agreement between MetroPac Iloilo Holdings Corporation, a wholly-owned subsidiary company of MPW, and MIWD of the Philippines, created and established MIBWSC, to implement a 170 MLD Bulk Water Supply Project ("BWS Project"). The BWS Project covers (i) the rehabilitation and upgrading of MIWD's existing 55 MLD water facilities, (ii) the expansion and construction of new water facilities to increase production to up to 115 MLD and (iii) delivery of contracted water demand to MIWD in accordance with the bulk water supply agreement. The BWS Project covers an initial 25-year period and shall be extended for an additional 25 years counted from the date of completion of the agreed upon expansion obligation, but in no event shall exceed an aggregate of 50 years. MIWD retains ownership of the existing facilities subject to the right of MIBWSC to access and use. MIBWSC in turn retains ownership of the new facilities but is required to hand back the BWS Project, including transfer of the full ownership of the new facilities, at the end of the concession period. On 5 July 2016, MIBWSC officially took over operations from the MIWD.

(f) PT SCTK
PT SCTK, a subsidiary company of PT Nusantara, was granted by the Indonesian government rights to treat and distribute clean water in the Serang District, Banten in Indonesia by (i) operating the existing water treatment plant with capacity of 9 MLD for a 30-year concession period from 1996 to 2026 and (ii) building and operating two additional water treatment plants with capacity of 15 MLD and 9 MLD, respectively, for a 25-year concession period from 2014 to 2039.

(g) MPDW
On 3 September 2019, MPW signed a joint venture agreement with Dumaguete City Water District ("DCWD"). Pursuant to the provisions set in the joint venture agreement, MPDW was incorporated on 22 October 2019 which is 80% owned by MPW and 20% owned by DCWD. MPDW shall implement the project and will have the right to bill and collect tariff for the water supply and wastewater services provided to the customers in the service area of DCWD. The joint venture agreement shall be effective for a term commencing on the commencement date and ending on the 25th anniversary thereof and may be renewed for another 25 years at the option of MPDW for as long as MPDW is not then in default under any of its material obligations under the joint venture agreement and provided, further, that the initial and renewal terms of joint venture agreement shall in no event exceed an aggregate of 50 years from commencement date. On 30 October 2019, MPDW signed a service contract agreement with DCWD. This grants MPDW the exclusive right and privilege to undertake the project. MPDW commenced operations on 1 February 2021.

(B) Concession assets – Toll roads represent the concession comprising the rights, interests and privileges to finance, design, construct, operate and maintain toll roads, toll facilities and other facilities generating toll-related and non-toll related income held by (a) NLEX Corporation in respect of the NLEX, SCTEX and Connector Road, (b) CIC in respect of CAVITEX, (c) MPCALA in respect of CALAX, (d) CCLEC in respect of CCLEX, (e) PT Jalan Tol Seksi Empat ("PT JTSE") in respect of Makassar Section IV Toll Road, (f) PT Bosowa Marga Nusantara ("PT BMN") in respect of Ujung Pandang Section I and II Toll Road, and (g) PT Bintaro Serpong Damai ("PT BSD") in respect of Pondok Aren – Serpong Toll Road during their concession periods.

Additions to the concession assets for toll roads include payments for both ongoing construction costs, pre-construction costs for various toll road projects and payable for new projects.

(a) NLEX Corporation's NLEX
In August 1995, First Philippine Infrastructure Development Corporation, the parent company of NLEX Corporation, entered into a joint venture agreement with Philippine National Construction Corporation ("PNCC"), in which PNCC assigned its rights, interests and privileges under its franchise to construct, operate and maintain toll facilities in the NLEX and its extensions, stretches, linkages and diversions in favour of NLEX Corporation, including the design, funding, construction, rehabilitation, refurbishing and modernization and selection and installation of an appropriate toll collection system therein during the concession period subject to prior approval by the President of the Philippines. In April 1998, the Philippine government, acting through the TRB as the grantor, PNCC as the franchisee and NLEX Corporation as the concessionaire, executed a Supplemental Toll Operation Agreement ("STOA") whereby the Philippine government recognized and accepted the assignment by PNCC of its usufructuary rights, interests and privileges under its franchise in favor of NLEX Corporation as approved by the President of the Philippines and granted NLEX Corporation concession rights, obligations and privileges including the authority to finance, design, construct, operate and maintain the NLEX project roads as toll roads commencing upon the date on which the STOA comes into effect until 31 December 2030 or 30 years after the issuance of the Toll Operation Permit for the last completed phase, whichever is earlier. In October 2008, the concession agreement was extended for another seven years to 2037. Pursuant to the STOA, NLEX Corporation is required to pay franchise fees to PNCC and to pay for the government's project overhead expenses based on certain percentages of construction costs and maintenance works on the project roads. Upon expiry of the concession period, NLEX Corporation shall handover the project roads to the Philippine government without cost, free from any and all liens and encumbrances and fully operational and in good working condition, including any and all existing land required, works, toll road facilities and equipment found therein directly related to and in connection with the operation of the toll road facilities.

(b) NLEX Corporation's SCTEX
On 9 February 2015, NLEX Corporation received a notice of award from the Philippine Bases Conversion and Development Authority ("BCDA") for the management, operation and maintenance of the 94-kilometer SCTEX subject to compliance with specific conditions. The notice of award was issued by the BCDA following the results of the price challenge held on 30 January 2015. On 26 February 2015, NLEX Corporation and the BCDA entered into a business agreement involving the assignment of the BCDA's rights and obligations relating to the management, operation and maintenance of SCTEX as provided in the SCTEX concession. The assignment includes the exclusive right to use the SCTEX toll road facilities and the right to collect toll until 30 October 2043. On 22 May 2015, the Supplementary Toll Operation Agreement was executed by and among the Philippine government and the BCDA and NLEX Corporation. At the end of the contract term, the SCTEX, as well as the as-built plans, specification and operation/repair/maintenance manuals relating to the same shall be turned over to the BCDA or its successor-in-interest. At a consideration of Pesos 3.5 billion (US$76.7 million) upfront cash payment, the operation and management of the SCTEX was officially turned over to NLEX Corporation on 27 October 2015. NLEX Corporation shall also pay the BCDA monthly concession fees amounting to 50% of the audited gross toll revenues of SCTEX for the relevant month from the effective date of 27 October 2015 to 30 October 2043.

(c) NLEX Corporation's Connector Road
On 23 November 2016, NLEX Corporation and the Philippine government acting through the Department of Public Works and Highways ("DPWH") signed a concession agreement for the design, financing, construction, operation and maintenance of the Connector Road. The Connector Road is a four lane toll expressway structure with a length of eight kilometers all passing through and above the right of way of the Philippine National Railways starting NLEX Segment 10 in C3 Road Caloocan City and seamlessly connecting to the South Luzon Expressway ("SLEX") through the Metro Manila Skyway Stage 3 Project. The concession period shall commence on the commencement date of its construction, and shall end on its thirty-seventh anniversary, unless otherwise extended or terminated in accordance with the concession agreement. The Connector Road Project, with an estimated project cost of Pesos 19.6 billion (US$408.2 million), commenced construction in February 2019 and is expected to be completed by 2022.

Under the concession agreement, NLEX Corporation shall pay the DPWH periodic payments as the consideration for the grant of the right of way for the project.

(d) CIC's CAVITEX
Pursuant to a toll operation agreement and an operations and maintenance agreement which CIC signed in November 1996 and 2006, respectively with the Philippine Reclamation Authority and the TRB of the Philippines, CIC was responsible for the design, financing, construction and supervision of the operation and maintenance of CAVITEX. The concession for CAVITEX extends to 2033 for its R-1 Expressway and to 2046 for its R-1 Extension. Upon expiry of the concession period, CIC shall hand over the project roads to the Philippine government. In July 2019, the first section of CAVITEX's C-5 Link Expressway, the 2.2-kilometer flyover crossing SLEX traversing Taguig and Pasay City, was opened.

(e) MPCALA's CALAX
On 10 July 2015, MPCALA signed a concession agreement for the CALAX Project with DPWH of the Philippines. Under the concession agreement, MPCALA is granted the concession to design, finance, construct, operate and maintain the CALAX, including the right to collect toll fees, over a 35-year concession period (including construction period). The CALAX is a closed-system tolled expressway connecting the CAVITEX and the SLEX. The CALAX Project was awarded to MPCALA following a competitive public bidding process where MPCALA was declared as the highest complying bidder with its offer to pay the Philippine government concession fees amounting to Pesos 27.3 billion (US$568.5 million) over nine years. On 3 July 2017, MPCALA commenced the construction works for the project which is expected to be completed and fully operational by 2023. In October 2019, the first 10.7-kilomter of the CALAX, a portion of the CALAX Laguna Segment, was opened. On 6 July 2020, MPCALA paid the second tranche of CALAX concession fee amounting to Pesos 4.4 billion (US$88.3 million) to DPWH.

(f) CCLEC's CCLEX
On 3 October 2016, CCLEC, the Cebu City and Municipality of Cordova (as the grantors) signed the concession agreement for the CCLEX. CCLEX consists of the main alignment starting from the Cebu South Coastal Road and ending at the Mactan Circumferential Road, inclusive of interchange ramps aligning the Guadalupe River, the main span bridge, approaches, viaducts, causeways, low-height bridges, at-grade road, toll plazas and toll operations center.

Under the concession agreement, CCLEC is granted the concession to design, finance, construct, operate and maintain the CCLEX, including the right to collect toll fees over a 35-year concession period (including construction period). CCLEX is estimated to cost Pesos 30.5 billion (US$635.2 million). No upfront payments or concession fees are to be paid but the grantors shall share 2% of the project's revenue. On 4 July 2018, CCLEC commenced the construction works for the project which is expected to be completed by 2022.

(g) PT JTSE's Makassar Section IV Toll Road
In May 2006, PT JTSE, a subsidiary company of PT Nusantara, entered into a toll road concession agreement with the Department of Public Works of Indonesia ("DPU") as the concessionaire of Makassar Section IV Toll Road. Under the concession agreement, DPU appointed and assigned PT JTSE to develop and operate the toll road on behalf of the Indonesian government, and to conduct toll road management at its own risk and cost for a concession period of 35 years including the construction period to 2041. PT JTSE has started to operate the toll road since 2008. At the expiry of the concession period, PT JTSE should hand over the toll road to The Toll Road Authority of Indonesia ("BPJT") of DPU.

(h) PT BMN's Ujung Pandang Section, I and II Toll Road
On 31 August 2010, PT BMN, a subsidiary company of PT Nusantara, entered into a toll road concession agreement with BPJT of DPU. Under the concession agreement, BPJT appointed and granted PT BMN rights to operate Ujung Pandang Sections I and II Toll Road with a concession period until 12 April 2028. On 23 October 2017, PT BMN obtained Minister Decree from DPU, which granted an amendment for the toll road concession plans for Ujung Pandang Sections I and II with a concession period extended until 12 April 2043.

(i) PT BSD's Pondok Aren – Serpong Toll Road
On 31 August 2010, PT BSD, a subsidiary company of PT Nusantara, entered into a toll road concession agreement with BPJT of DPU. Under the concession agreement, BPJT appointed and granted PT BSD rights to operate Pondok Aren – Serpong Toll Road with a concession period until 1 October 2028.

NLEX Corporation and CIC derive substantially all of their revenues from toll collections from the users of the toll roads. The concession agreements establish toll rate formulas and adjustment procedures for setting the appropriate toll rates. Subject to the TRB of the Philippines validating and approving the calculation of the toll rate adjustments in accordance with the formulas, toll rate adjustments for NLEX, SCTEX and CAVITEX are scheduled periodically.

As at the date of these financial statements, the Philippine government has not yet implemented the toll rate adjustments for NLEX Corporation and CIC in respect of NLEX, SCTEX and CAVITEX which should have been effective from 1 January 2017, 1 January 2019 and 1 January 2020 for NLEX, 1 January 2013, 1 January 2014, 1 January 2016 and 1 January 2017 for SCTEX, 1 January 2012, 1 January 2015 and 1 January 2018 for CAVITEX's R-1 Expressway, and 1 January 2014 and 1 January 2018 for CAVITEX's R-1 Extension.

On 5 March 2019, NLEX Corporation received the TRB's order to publish the adjusted toll rates for NLEX (the "Order"). The Order contains the adjusted authorized toll prices for the entire NLEX, incorporating the first tranche of the approved final periodic adjustments for the whole NLEX due in 2013 and 2015 constituting 50% of the approved adjustment (with the remaining adjustments to be implemented in subsequent years), and the provisional add-on toll rate for the NLEX open system due to the opening of the NLEX Harbor Link Project (Segments 9 and 10). On 29 March 2019, the TRB also granted a toll rate adjustment of Peso 0.51/km for SCTEX in relation to a petition filed by BCDA in 2011. However, CIC has yet to receive regulatory approval for all the petitions filed on the periodic toll rate adjustments. NLEX Corporation and CIC are in constructive discussions with the Philippine government to resolve overdue toll rate adjustments.

(C) Concession assets – Rail represents concession comprising the exclusive right during the concession period to operate and maintain the current LRT1 system, collect farebox revenue and construct the LRT1 Extension.

Additions to the concession assets for rail include costs of rehabilitation of the current LRT1 system, and the construction activities for the LRT1 Extension.

On 2 October 2014, LRMC signed together with the Department of Transportation ("DOTr") and the Light Rail Transit Authority ("LRTA") (the "grantors") a concession agreement for the Light Rail Transit Line 1 Cavite Extension and Operations & Maintenance Project ("LRT1 Project"). Under the concession agreement, LRMC will operate and maintain the existing 20.7-kilometer LRT1 ("Existing System") and construct an 11.7-kilometer extension from the present end-point at Baclaran to the Niog area in Bacoor, Cavite. A total of eight new stations will be built along the extension, which traverses the cities of Parañaque and Las Piñas up to Bacoor, Cavite. The concession agreement is for a period of 32 years commencing from the effective date of 12 September 2015 when LRMC took over of the LRT1 operations.

In accordance with the LRT1 Project concession agreement, LRMC is entitled to the reimbursement of the unavoidable increment costs that it will incur to restore the Existing System to the level necessary to meet all of the baseline Existing System Requirements ("ESR") as certified by an independent consultant. Further, LRMC is entitled to compensation for the cost incurred for restoration of the structural defect ("SDR") as certified by an independent consultant. LRMC is also entitled to receive compensation from the grantors if the grantors do not make available a minimum of 100 light rail vehicles ("LRVs") on the effective date of the turnover of the system. On the turnover date of the system on 12 September 2015, LRMC only received 72 LRVs.

On various dates in 2015 through 2020, LRMC submitted letters to the DOTr and the LRTA representing its claim for ESR and SDR costs, and LRV shortfall on the premise of the grantor's obligation in relation to the condition of the Existing System prior or as of the effective date of the turnover of the system by the grantors to LRMC. In addition, LRMC requested the grantors compensation for the revenue loss arising from the grantors' implementation of fare increases below the concession agreement fares. The above claims were still undergoing discussion as at the date of these financial statements.

(D) Brands – Dairy represent the brands, with a useful life of 20 years, held by Indolakto for its various milk-related products, which include Indomilk, Cap Enaak, Tiga Sapi, Kremer, Indoeskrim and Milkuat.

(E) Brands, networks and licenses – Packaged drinking water represent (i) the registered brand name, CLUB, (ii) the distribution and customer networks, and (iii) the water licenses of Indofood's packaged drinking water business.

The brands, networks and licenses are determined to have indefinite useful lives as (i) the brands and licenses can be renewed indefinitely at no significant costs; (ii) Indofood has the intention to renew the brands and maintain the licenses and networks indefinitely; and (iii) no significant expenses are expected to be incurred to maintain the future economic benefits that can be generated from these assets.

In assessing the impairment for brands, networks and licenses with indefinite useful life, the Group compares the carrying amounts of the intangible assets against their recoverable amounts (the higher of the assets' fair value less costs of disposal and their value in use).

The recoverable amounts of brands, networks and licenses have been determined based on value-in-use calculations using cash flow projections as per the most recent financial budgets and forecasts, which management believes are reasonable and are management's best estimates of the ranges of economic conditions that will exist over the forecast period of 10 years for brands (2019: 10 years) and 5 years for the licenses (2019: 5 years). The forecast period is more than five years for brands to reflect a legal life of 10 years which may be renewed upon expiration at minimal cost. The discount rate applied to cash flow projections was ranged from 10.3% to 11.9% (2019: 10.9% to 12.4%), which reflects the weighted average cost of capital. The cash flows beyond the projection periods are extrapolated using an estimated terminal growth rate of 5.0% (2019: 3.8% to 5.0%) which does not exceed the long-term average growth rate of the industry in Indonesia where the businesses operate.

(F) Customer list and licenses – Wastewater and sewage treatment represents ESTII's customer relationship, contracts and licenses for intellectual property rights over patents and utility models.

(G) Bilateral and vesting contracts – Power represents the electricity supply agreement entered by PLP and GBPC.

(a) PLP's vesting contract
It represents an agreement entered into between PLP and a Singapore government agency, which requires PLP to sell electricity at a specified volume and a specified price to the agency over a period of 10 years from 1 July 2013 to 30 June 2023.

(b) GBPC's bilateral contracts
GBPC, through its operating generation subsidiary companies, entered into bilateral off-take arrangements with power off-takers, such as distribution utilities, electric cooperatives, retail electricity suppliers and directly connected industrial customers, for the supply of electricity over a period of 10 to 25 years. Following the classification of GBPC as a disposal group held for sale in December 2020, the balance in relation to these bilateral contracts were reclassified to assets held for sale.

(H) The useful lives for amortization:

Concession assets – Water distribution	– Maynilad	Remaining concession life of 29 years since acquisition in 2008
	– PNW	Remaining concession life of 46 years since acquisition in 2019
	– MPIWI	Concession life of 25 years since commencement in 2019
	– PHI	Remaining concession life of 23 years since acquisition in 2012
	– MIBWSC	Concession life of 36 years subsequent to the completion of its rehabilitation in 2019 and expansion expected in 2030
	– PT SCTK	Remaining concession life of 8 years (for the existing water treatment plant) and 21 years (for the additional water treatment plants) since acquisition in 2018
	– MPDW	Concession life of 25 years since commencement in 2021
Concession assets – Toll roads	– NLEX	Remaining concession life of 29 years since acquisition in 2008
	– SCTEX	Concession life of 28 years since acquisition in 2015
	– Connector Road	Remaining concession life of 34 years subsequent to the completion of its construction expected in 2022
	– CAVITEX	Remaining concession life of 21 years (for the R-1 Expressway) and 34 years (for the R-1 Extension) since acquisition in 2013
	– CALAX	Remaining concession life of 27 years subsequent to the completion of its construction expected in 2023
	– CCLEX	Remaining concession life of 29 years subsequent to the completion of its construction expected in 2022
	– PT JTSE	Remaining concession life of 23 years since acquisition in 2018
	– PT BMN	Remaining concession life of 25 years since acquisition in 2018
	– PT BSD	Remaining concession life of 10 years since acquisition in 2018
Concession assets – Rail		Remaining concession life of 26 years subsequent to the completion of the rehabilitation works of its existing LRT1 system expected in 2022 and 24 years subsequent to the completion of its construction of the LRT1 Extension expected in 2024
Brands – Dairy		20 years
Brands, networks and licenses – Packaged drinking water		Indefinite
Customer list and licenses – Wastewater and sewage treatment		20 years
Bilateral contracts – Power		10 to 25 years
Vesting contract – Power		10 years
Software		3 to 5 years

(I) For the year ended 31 December 2020, impairment losses of US$1.3 million (2019: US$221.4 million) were recognized in respect of brand name under Indofood's dairy business and water licenses under Indofood's packaged drinking water business (2019: concessions assets for the water distribution business operated by Maynilad and PHI).

(J) The carrying amounts and the respective key assumptions used to determine the recoverable amounts for the other intangible assets not yet available for use are summarized below:

	Toll roads		Rail		Water	
	2020	2019	**2020**	2019	**2020**	2019
Carrying value (US$ millions)	**1,358.8**	875.8	**639.7**	492.3	**57.5**	20.6
Net carrying amount (US$ millions)	**968.2**	441.6	**567.0**	422.4	**57.5**	20.6
Average growth rate	**1.0% to 15.7%**	1.0% to 15.7%	**6.0%**	8.5%	**7.4% to 15.7%**	8.1%
Average forecast period	**26 to 36 years**	29 to 37 years	**27 years**	28 years	**34 to 45 years**	35 years
Pre-tax discount rate	**10.1% to 11.2%**	11.0% to 14.7%	**10.9%**	12.0%	**9.0% to 11.3%**	13.5%

At 31 December 2020, the aggregate carrying amount of these intangible assets of US$2,056.0 million (2019: US$1,388.7 million) was included in the carrying amounts of concession assets of toll roads, rail and water. For the purpose of impairment testing as at 31 December 2020 and 2019, the carrying amounts that were compared to their recoverable amounts were the net carrying amounts, which were net of the present value of the related future concession fees payment that formed part of the initial costs of these concession assets. The average growth rate represents expected growth in traffic for the toll roads business, ridership for the rail business and billed volume for the water business. The average forecast period is consistent with the period covered by the concession agreements.

16. Investment Properties

US$ millions	**2020**	2019
At 1 January	**13.4**	9.5
Exchange translation	**0.4**	0.5
Disposals	**(3.9)**	–
(Loss)/gain on changes in fair value of investment properties	**(0.7)**	0.6
Reclassification(i)	**0.1**	2.8
At 31 December	**9.3**	13.4

(i) Reclassification from assets classified as held for sale (2019: property, plant and equipment)

The Group's investment properties comprise lands being leased out under operating leases to earn rental income and vacant land held for the purpose of capital appreciation. The fair values of the investment properties are measured annually using the market comparison approach by reference to recent sales and other market data of comparable properties which is publicly available, as determined by professionally qualified independent appraisers. The fair value measurement for the investment properties has been categorized as Level 2. There was no transfer between the fair value hierarchy during the year.

At 31 December 2020, land included in investment properties with an aggregate carrying amount of US$3.0 million (2019: US$3.0 million) was right-of-use assets.

17. Accounts Receivable, Other Receivables and Prepayments

US$ millions	**2020**	2019
Accounts receivable	**679.7**	642.9
Other receivables	**387.3**	392.7
Prepayments	**70.8**	72.5
Total	**1,137.8**	1,108.1
Presented as:		
Non-current Portion	**63.9**	37.4
Current Portion	**1,073.9**	1,070.7
Total	**1,137.8**	1,108.1

(A) The carrying amounts of accounts receivable, other receivables and prepayments approximate their fair values.

(B) At 31 December 2020, included in other receivables was US$21.9 million (2019: US$24.2 million) of unbilled revenue arising from the Group's provision of services under the infrastructure segment. The balance is expected to be reclassified to accounts receivable within one year when the rights to consideration become unconditional.

(C) An aging profile based on the invoice dates of accounts receivable, net of loss allowance, is analyzed below:

US$ millions	**2020**	2019
0 to 30 days	**431.8**	464.8
31 to 60 days	**113.1**	93.2
61 to 90 days	**38.7**	18.2
Over 90 days	**96.1**	66.7
Total	**679.7**	642.9

(D) The movements in the loss allowance for impairment of accounts receivable are as follows:

US$ millions	**2020**	2019
At 1 January	**41.4**	33.0
Exchange translation	**1.6**	1.4
Amount written off as uncollectible	**(15.5)**	–
Charge for the year	**30.5**	7.0
Attributable to a discontinued operation	**(16.3)**	–
At 31 December	**41.7**	41.4

(E) An impairment analysis is performed using a provision matrix to measure expected credit losses for accounts receivable and contract assets attributable to the consumer food products business and infrastructure business, respectively. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region, product type, customer type and rating, and coverage by letters of credit or other forms of credit insurance). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, accounts receivable are written off if past due for more than one year and are not subject to enforcement activity.

Set out below is the information about the credit risk exposure on the Group's accounts receivable and contract assets attributable to the consumer food products business and infrastructure business using the corresponding provision matrix:

		Past due				**2020**
Consumer food products business	Current	0 to 30 days	31 to 60 days	61 to 90 days	Over 90 days	**Total**
Expected credit loss rate	0%	0%	0%	0%	29.2%	**2.1%**
Gross carrying amounts (US$ millions)						
– accounts receivable	315.9	91.9	28.7	13.4	34.3	**484.2**
Expected credit losses (US$ millions)	–	–	–	–	10.0	**10.0**

		Past due				**2020**
Infrastructure business	Current	0 to 30 days	31 to 60 days	61 to 90 days	Over 90 days	**Total**
Expected credit loss rate	1.7%	5.4%	42.1%	26.0%	26.4%	**12.2%**
Gross carrying amounts (US$ millions)						
– accounts receivable	109.7	27.7	10.7	10.4	78.7	**237.2**
– contract assets	21.9	–	–	–	–	**21.9**
Expected credit losses (US$ millions)	2.2	1.5	4.5	2.7	20.8	**31.7**

		Past due				
Consumer food products business	Current	0 to 30 days	31 to 60 days	61 to 90 days	Over 90 days	2019 Total
Expected credit loss rate	0.1%	0.3%	0%	0%	29.6%	2.4%
Gross carrying amounts (US$ millions)						
– accounts receivable	297.5	69.4	8.0	5.0	30.7	410.6
Expected credit losses (US$ millions)	0.4	0.2	–	–	9.1	9.7

		Past due				
Infrastructure business	Current	0 to 30 days	31 to 60 days	61 to 90 days	Over 90 days	2019 Total
Expected credit loss rate	0.8%	2.9%	10.1%	23.3%	39.1%	10.6%
Gross carrying amounts (US$ millions)						
– accounts receivable	162.8	27.4	8.9	4.3	70.3	273.7
– contract assets	24.2	–	–	–	–	24.2
Expected credit losses (US$ millions)	1.5	0.8	0.9	1.0	27.5	31.7

(F) As the Group's accounts receivable and contract assets relate to a large number of diversified customers, there is no concentration of credit risk.

(G) Accounts and other receivable with an aggregate carrying amount of US$76.8 million (2019: US$59.0 million) were pledged as security for certain of the Group's banking facilities (Note 26(E)).

18. Financial Assets at Fair Value through Other Comprehensive Income

US$ millions	**2020**	2019
Listed investments, at fair value:		
– Equity investments – Overseas	**276.9**	251.0
– Debentures with a fixed interest rate of 2.1% to 5.8% and a maturity date of between June 2020 and August 2023 – Overseas	**–**	3.2
Unlisted investments, at fair value:		
– SMECI's notes	**125.3**	115.3
– Equity investments – Overseas	**23.0**	23.3
– Club debentures – Hong Kong	**4.1**	3.0
Total	**429.3**	395.8
Presented as:		
Non-Current Portion	**426.0**	385.9
Current Portion	**3.3**	9.9
Total	**429.3**	395.8

The above equity investments were irrevocably designated at FVOCI as the Group considers these investments to be strategic in nature. Dividend income from these investments during the year ended 31 December 2020 amounted to US$5.4 million (2019: US$5.5 million) (Note 5(A)).

The fair values of the listed equity investments and debentures are based on quoted market prices. The fair value of the unlisted investment in SMECI's notes is estimated by reference to valuations of the underlying assets supplied by independent sources. The fair values of the unlisted equity investments and club debentures have been estimated by a discounted cash flow model and by reference to recent market transaction prices, respectively. The Directors believe that the estimated fair values by reference to the above bases, which are recorded in the carrying amounts of the financial assets at FVOCI, and the related changes in fair values, which are recorded directly in the Group's other comprehensive income, are reasonable, and that they were the most appropriate values at the end of the reporting period.

19. Deferred Tax

The movements in deferred tax assets and deferred tax liabilities during the year are as follows:

US$ millions	Tax losses carried forward	Credit loss allowance	Liabilities for employee retirement benefits	Others	Total
Deferred Tax Assets					
At 1 January 2019	56.4	1.4	87.0	50.7	195.5
Exchange translation	2.1	0.1	2.3	0.5	5.0
Deconsolidation of a subsidiary company	–	–	(0.6)	(10.5)	(11.1)
(Charged)/credited to the consolidated income statement	(45.7)	5.0	0.2	(7.4)	(47.9)
(Charged)/credited to other comprehensive income	–	–	1.4	(6.8)	(5.4)
Other movements	33.6	–	–	(13.3)	20.3
At 31 December 2019	46.4	6.5	90.3	13.2	156.4
At 1 January 2020	46.4	6.5	90.3	13.2	**156.4**
Exchange translation	(1.4)	0.1	(0.2)	1.5	**–**
(Charged)/credited to the consolidated income statement	(17.3)	1.8	(5.7)	0.8	**(20.4)**
Charged to other comprehensive income	–	–	(7.1)	–	**(7.1)**
Acquisition of a subsidiary company (Note 34(C))	–	0.4	–	0.6	**1.0**
Attributable to a discontinued operation (Note 7(B))	–	–	(6.5)	(13.3)	**(19.8)**
At 31 December 2020	**27.7**	**8.8**	**70.8**	**2.8**	**110.1**

US$ millions	Allowance in excess of related depreciation of property, plant and equipment	Changes in fair value of biological assets	Brands	Withholding taxes on undistributed earnings of subsidiary and associated companies	Others	Total
Deferred Tax Liabilities						
At 1 January 2019	(142.3)	(12.0)	(36.6)	(37.5)	(96.7)	(325.1)
Exchange translation	(12.2)	(0.5)	(1.4)	(0.7)	(9.6)	(24.4)
Deconsolidation of a subsidiary company	10.0	–	–	–	–	10.0
(Charged)/credited to the consolidated income statement	(24.6)	–	8.7	(7.6)	(46.5)	(70.0)
Other movements	–	–	–	5.9	(20.3)	(14.4)
At 31 December 2019	(169.1)	(12.5)	(29.3)	(39.9)	(173.1)	(423.9)
At 1 January 2020	(169.1)	(12.5)	(29.3)	(39.9)	(173.1)	**(423.9)**
Exchange translation	(2.1)	0.2	0.8	(0.4)	(14.0)	**(15.5)**
Credited/(charged) to the consolidated income statement	6.3	1.4	7.5	(9.0)	7.5	**13.7**
Credited to other comprehensive income	–	–	–	–	0.7	**0.7**
Acquisition of a subsidiary company (Note 34(C))	(1.0)	–	–	–	–	**(1.0)**
Attributable to a discontinued operation (Note 7(B))	–	–	–	–	48.9	**48.9**
Reclassification from held for sale (Note 24)	–	–	–	–	(24.6)	**(24.6)**
Other movements	–	–	–	2.6	–	**2.6**
At 31 December 2020	**(165.9)**	**(10.9)**	**(21.0)**	**(46.7)**	**(154.6)**	**(399.1)**

Pursuant to the income tax laws of the Philippines and Indonesia, withholding taxes of 5% to 15% are levied on dividends declared to foreign investors. Singapore has a one-tier corporate tax system whereby tax charged at the corporate level is the final tax. Dividends paid by Singapore resident companies under the one-tier corporate tax system are exempted from further Singapore tax in the hands of shareholders.

The Group had fully recognized the deferred tax liabilities for the withholding taxes that would be payable on unremitted earnings that are subject to withholding taxes of its associated companies established in the Philippines. However, except for those earnings to be distributed as dividends, no deferred tax liabilities had been recognized for withholding taxes that would be payable on the unremitted earnings of the Group's subsidiary companies established in the Philippines and Indonesia. In the opinion of the Directors, it is not probable that these subsidiary companies will distribute such earnings in the foreseeable future. The aggregate amount of temporary differences associated with investments in subsidiary companies in the Philippines and Indonesia for which deferred tax liabilities have not been recognized amounted to approximately US$46.0 million at 31 December 2020 (2019: US$41.9 million).

Deferred tax assets are recognized in respect of tax losses carried forward to the extent that realization of the related tax benefits through future taxable profit is probable. The Group has tax losses arising from Singapore of US$417.2 million (2019: US$383.5 million), the Philippines of US$603.0 million (2019: US$385.9 million) and Indonesia of US$108.7 million (2019: US$48.6 million) that may be carried forward indefinitely for Singapore, three years for the Philippines (except for tax losses of 2020 and 2021 which are allowed to carry over for five years as a result of COVID-19 relief measure) and five years for Indonesia, respectively, for offsetting against future taxable profits of the companies in which the losses arose.

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

20. Restricted Cash

At 31 December 2020, the Group had cash of US$41.4 million (2019: US$99.0 million) set aside mainly to cover principal and interest payments of certain borrowings in compliance with loan agreements, and US$8.8 million (2019: US$7.0 million) held under margin accounts by brokers against open contracts for hedging purpose.

21. Other Non-current Assets

US$ millions	**2020**	2019
Deposits for acquisition of property, plant and equipment	**191.9**	284.4
Prepayments	**144.6**	210.4
Plasma receivables	**110.9**	105.3
Deferred project costs	**64.1**	54.8
Long-term deposits	**20.6**	20.3
Claims for tax refund	**7.8**	18.7
Others	**147.6**	126.0
Total	**687.5**	819.9

(A) The deposits for acquisition of property, plant and equipment are mainly attributable to Indofood.

(B) The prepayments mainly represent MPIC's advances to contractors for construction projects.

(C) The plasma receivables represent the accumulated costs to develop FFB which are currently self-financed by Indofood less the funds received from banks and advances made by Indofood to plasma farmers in relation to arrangements for the farmers' production of FFB.

(D) The deferred project costs comprise costs directly attributable to the acquisition of service concessions prior to the commencement of concession terms.

(E) The long-term deposits mainly represent MPIC's deposits paid to contractors for repair and maintenance of its toll roads.

(F) The claims for tax refund relate to the tax payment in advance made by Indofood in respect of importation of raw materials which is creditable against Indofood's corporate income tax payable.

22. Cash and Cash Equivalents and Short-term Deposits

US$ millions	2020	2019
Cash at banks and on hand	**1,353.8**	599.0
Short-term time deposits	**1,024.0**	2,247.4
Total	**2,377.8**	2,846.4

(A) Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term time deposits are made for varying periods depending on the immediate cash requirements of the Group, and earn interest at the respective short-term time deposit rates. The bank balances and time deposits are deposited with creditworthy banks with no history of default. The carrying amounts of the cash and cash equivalents and short-term deposits approximate their fair values.

(B) Cash and cash equivalents of US$16.9 million (2019: US$45.5 million) were charged to banks in accordance with the terms of certain of the Group's banking facilities (Note 26(E)).

23. Inventories

US$ millions	2020	2019
Raw materials	**511.6**	413.2
Work in progress	**11.9**	14.2
Finished goods	**312.1**	371.6
Total	**835.6**	799.0

(A) At 31 December 2020, inventories with an aggregate carrying amount of US$127.9 million (2019: US$144.4 million) were carried at net realizable value.

(B) During the year ended 31 December 2020, write-downs of inventories to net realizable value amounted to US$13.0 million (2019: US$9.0 million) (Note 5(C)).

(C) At 31 December 2020, inventories with an aggregate carrying amount of US$20.0 million (2019: US$19.4 million) were pledged as security for certain of the Group's banking facilities (Note 26(E)).

24. Assets Classified as Held for Sale and Liabilities Directly Associated with the Assets Classified as Held for Sale

US$ millions	2020	2019
Assets Classified as Held for Sale		
Assets of a disposal group classified as held for sale	**1,582.0**	138.6
Liabilities Directly Associated with the Assets Classified as Held for Sale	**843.8**	25.4

(A) The balances at 31 December 2020 represented the carrying amounts of assets and liabilities of GBPC. Details of these assets and liabilities are set out in Note 7(B) to the Consolidated Financial Statements.

The balances at 31 December 2019 represented the carrying amounts of assets and liabilities of RHI's sugar milling and refining operations in Batangas. On 23 May 2018, RHI entered into an asset purchase agreement with a buyer for the sale of RHI's sugar milling and refining operations in Batangas. The consummation of the proposed sale transaction was subject to the parties being able to secure the requisite regulatory approvals, corporate approvals, and other third-party consents. On 12 February 2019, the regulatory body issued a decision disapproving the proposed sale transaction. Nonetheless, RHI had remained committed to sell the assets in Batangas and was negotiating with a prospective buyer at 31 December 2019; therefore, these assets were continued to be classified as held for sale at 31 December 2019. On 30 September 2020, following the sale of La Carlota assets, RHI ceased the plan to sell its sugar milling and refining operations in Batangas and these assets were no longer classified as assets held for sale at 31 December 2020.

(B) At 31 December 2020, assets classified as held for sale with an aggregate carrying amount of US$978.8 million (2019: US$138.6 million) were pledged as security for certain of the Group's banking facilities (Note 26(E)).

25. Accounts Payable, Other Payables and Accruals

US$ millions	2020	2019
Accounts payable	**420.6**	460.4
Accrued expenses	**696.8**	638.2
Other payables	**435.4**	470.7
Total	**1,552.8**	1,569.3

The aging profile based on the invoice dates of accounts payable is analyzed as follows:

US$ millions	2020	2019
0 to 30 days	**347.2**	389.8
31 to 60 days	**12.4**	16.9
61 to 90 days	**13.1**	2.6
Over 90 days	**47.9**	51.1
Total	**420.6**	460.4

All of the accounts payable, other payables and accruals are expected to be settled within one year. The carrying amounts of the Group's accounts payable, other payables and accruals approximate their fair values.

26. Borrowings

US$ millions	Effective interest rate (%)	Maturity	Notes	2020	2019
Short-term					
Bank loans	0.5–9.0 (2019: 1.8–10.0)	2021 (2019: 2020)		**1,568.1**	1,981.2
Other loans	5.1 (2019: 2.1–6.5)	2021 (2019: 2020)	(A)	**91.6**	281.6
Subtotal				**1,659.7**	2,262.8
Long-term					
Bank loans	0.9–12.5 (2019: 1.2–12.5)	2022-2037 (2019: 2021–2037)	(B)	**7,830.2**	5,738.4
Other loans	4.5–8.8 (2019: 5.3–8.7)	2022-2028 (2019: 2021–2028)	(C)	**1,143.7**	929.6
Subtotal				**8,973.9**	6,668.0
Total				**10,633.6**	8,930.8

The maturity profile of the Group's borrowings is as follows:

	Bank loans		Other loans		Total	
US$ millions	2020	2019	2020	2019	2020	2019
Not exceeding one year	**1,568.1**	1,981.2	**91.6**	281.6	**1,659.7**	2,262.8
More than one year but not exceeding two years	**867.3**	623.7	**0.6**	86.3	**867.9**	710.0
More than two years but not exceeding five years	**3,359.4**	1,966.8	**753.8**	630.8	**4,113.2**	2,597.6
More than five years	**3,603.5**	3,147.9	**389.3**	212.5	**3,992.8**	3,360.4
Total	**9,398.3**	7,719.6	**1,235.3**	1,211.2	**10,633.6**	8,930.8

The carrying amounts of the borrowings are denominated in the following currencies:

US$ millions	**2020**	2019
U.S. dollar	**3,572.6**	1,921.0
Peso	**4,551.3**	4,716.4
Rupiah	**1,544.3**	1,602.3
S$	**522.8**	527.1
Others	**442.6**	164.0
Total	**10,633.6**	8,930.8

An analysis of the carrying amounts of borrowings into fixed and variable interest rates is as follows:

US$ millions	**2020**	2019
Fixed interest rate	**5,595.8**	5,765.6
Variable interest rate	**5,037.8**	3,165.2
Total	**10,633.6**	8,930.8

The carrying amounts and fair values of the non-current portion of long-term borrowings are as follows:

	Carrying amounts		**Fair values**	
US$ millions	**2020**	2019	**2020**	2019
Bank loans	**7,830.2**	5,738.4	**8,451.5**	5,785.0
Other loans	**1,143.7**	929.6	**1,224.5**	973.1
Total	**8,973.9**	6,668.0	**9,676.0**	6,758.1

The fair values are based on published price quotations for listed bonds issued by the Group and projected cash flows discounted using the borrowing rates ranging from 1.1% to 7.5% (2019: 3.1% to 8.6%) for the other fixed interest rate borrowings. The carrying amounts of the Group's variable interest rate borrowings approximate their fair values due to frequent repricing.

The carrying amounts of the short-term borrowings approximate their fair values. Details of the borrowings are set out below:

(A) Short-term Other Loans

The balance at 31 December 2020 represented unsecured Peso bonds of Peso 4.4 billion (US$91.6 million) (2019: Pesos 4.4 billion (US$86.0 million)) issued by NLEX Corporation in March 2014, with a coupon rate of 5.07% per annum, which are payable quarterly, and will mature in March 2021. The bonds were classified under long-term other loans as at 31 December 2019.

The balance as at 31 December 2019 included:

(a) Secured bonds of US$251.6 million (with a face value of US$251.9 million) issued by FPT Finance Limited in September 2010, with a coupon rate of 6.375% per annum, were payable semi-annually, guaranteed by the Company and secured by a 12% interest in PLDT. These bonds were fully redeemed in September 2020.

(b) Unsecured bonds of US$30.0 million (with a face value of US$30.0 million) issued by MPTC in September 2019, with a coupon rate of 2.0645% per annum, and were fully redeemed in September 2020.

(B) Long-term Bank Loans

The balance at 31 December 2020 included unsecured bank loans of US$606.1 million (with a face value of US$610.0 million) (2019: US$872.6 million (with a face value of US$880.0 million)) drawn for refinancing purpose by wholly-owned subsidiary companies of the Company, guaranteed by the Company, which are repayable between January 2022 and June 2029 (2019: between March 2021 and June 2029).

(C) Long-term Other Loans

The balance at 31 December 2020 mainly included bonds issued by wholly-owned subsidiary companies of the Company, Indofood and MPIC. Details are summarized as follows:

(a) Unsecured bonds of US$356.6 million (with a face value of US$357.8 million) (2019: US$357.1 million (with a face value of US$358.8 million)) issued by FPC Treasury Limited in April 2013, with a coupon rate of 4.5% per annum, are payable semi-annually, and will mature in April 2023. The bonds are guaranteed by the Company.

During the year ended 31 December 2020, the Company repurchased US$1.0 million of the above-mentioned bonds at an aggregate consideration of US$1.0 million. These repurchased bonds were subsequently canceled.

(b) Unsecured bonds of US$120.2 million (with a face value of US$120.5 million) (2019: US$174.3 million (with a face value of US$175.0 million)) issued by FPC Capital Limited in May 2018, with a coupon rate of 5.75% per annum, are payable semi-annually, and will mature in May 2025. The bonds are guaranteed by the Company.

During the year ended 31 December 2020, the Company repurchased US$54.5 million of the above-mentioned bonds at an aggregate consideration of US$57.5 million. These repurchased bonds were subsequently canceled.

(c) Unsecured bonds of US$348.0 million (with a face value of US$350.0 million) issued by FPC Resources Limited in September 2020, with a coupon rate of 4.375% per annum, are payable semi-annually, and will mature in September 2027. The bonds are guaranteed by the Company.

(d) Unsecured Rupiah bonds of Rupiah 2.0 trillion (US$141.6 million) (2019: US$143.5 million) issued by Indofood in May 2017, with a coupon rate of 8.7% per annum, are payable quarterly, and will mature in May 2022.

(e) Unsecured Peso bonds of Pesos 2.6 billion (US$53.7 million) (2019: US$50.8 million) issued by NLEX Corporation in March 2014, with a coupon rate of 5.5% per annum, are payable quarterly, and will mature in March 2024.

(f) Unsecured Peso bonds of Pesos 4.0 billion (US$82.1 million) (2019: US$78.2 million) issued by NLEX Corporation in July 2018, with a coupon rate of 6.64% per annum, are payable quarterly, and will mature in July 2025.

(g) Unsecured Peso bonds of Pesos 2.0 billion (US$41.0 million) (2019: US$39.1 million) issued by NLEX Corporation in July 2018, with a coupon rate of 6.9% per annum, are payable quarterly, and will mature in July 2028.

(D) Current Portion of Long-term Borrowings

The balance of short-term borrowings also included current portion of long-term borrowings of US$517.9 million (2019: US$670.0 million).

At 31 December 2019, PLP did not meet its financial covenants and as a result, its secured bank loans of S$613.0 million (US$463.7 million) became repayable on demand and were classified entirely as current liabilities. In October 2020, PLP completed its negotiations with its lenders and the refinanced loans are now classified as non-current liabilities and will mature in December 2026.

At 31 December 2019, AIF Toll Roads Holdings (Thailand) Limited ("AIF Toll Roads")'s long-term borrowings of US$17.8 million were reclassified as current liabilities as AIF Toll Roads did not meet the minimum required debt service coverage ratio of at least 1.1 times on 31 December 2019. AIF Toll Roads obtained waivers from the lenders subsequently in January 2020.

(E) Charges on Group Assets

At 31 December 2020, certain bank and other borrowings, including those reclassified to liabilities of a disposal group, were secured by the Group's property, plant and equipment, accounts and other receivables, cash and cash equivalents, inventories and assets classified as held for sale amounting to net book values of US$1,711.5 million (2019: US$2,040.5 million) and the interests of the Group's 56% (2019: 56%) in GBPC, 55% (2019: 55%) in LRMC, 100% (2019: 100%) in MPCALA, 100% (2019: 100%) in CCLEC, 35% (2019: 35%) in PT Jakarta Lingkar Baratsatu, 88.9% (2019: 88.9%) in PT BSD, 99.5% (2019: 99.5%) in PT BMN, 99.4% (2019: 99.4%) in PT JTSE, 61.2% in PT Inpola Meka Energi (2019: Nil), 70% (2019: 70%) in PLP, Nil (2019: 12%) in PLDT, Nil (2019: 100%) in AIF Toll Roads and Nil (2019: 29.5%) in DMT.

27. Provision for Taxation

US$ millions	**2020**	2019
At 1 January	**97.3**	57.3
Exchange translation	**4.6**	5.5
Provision for taxation on estimated assessable profits for the year	**354.9**	349.0
Taxes paid	**(285.8)**	(310.2)
Acquisition of a subsidiary company (Note 34(C))	**17.5**	–
Attributable to a discontinued operation (Note 7(B))	**(7.9)**	–
Deconsolidation of a subsidiary company	**–**	(4.3)
At 31 December	**180.6**	97.3

An analysis of the taxes paid for the years ended 31 December 2020 and 2019 by geographical market is set out below:

US$ millions	**2020**	2019
Indonesia	**147.9**	166.9
The Philippines	**119.5**	137.4
Others	**18.4**	5.9
Total	**285.8**	310.2

28. Deferred Liabilities, Provisions and Payables

US$ millions	Lease liabilities	Long-term liabilities	Pension	Loans from non-controlling shareholders	Others	**2020**	2019
At 1 January	59.1	827.2	538.1	212.8	440.6	**2,077.8**	1,984.0
Exchange translation	2.1	63.7	(1.8)	(0.5)	24.3	**87.8**	63.9
Additions	50.2	69.4	27.3	5.0	169.8	**321.7**	294.2
Payment and utilization	(38.4)	(263.5)	(40.0)	–	(51.5)	**(393.4)**	(278.4)
Acquisition of subsidiary companies (Note 34(C))	1.9	650.0	10.9	12.7	–	**675.5**	0.5
Deconsolidation of a subsidiary company	–	–	–	–	–	**–**	13.6
Attributable to a discontinued operation (Note 7(B))	–	–	(21.0)	–	(43.2)	**(64.2)**	–
At 31 December	74.9	1,346.8	513.5	230.0	540.0	**2,705.2**	2,077.8
Presented as:							
Non-current Portion	57.6	1,175.7	513.5	103.8	260.7	**2,111.3**	1,535.3
Current Portion	17.3	171.1	–	126.2	279.3	**593.9**	542.5
Total	74.9	1,346.8	513.5	230.0	540.0	**2,705.2**	2,077.8

The lease liabilities represent the present value of future lease payments in relation to the Group's right-of-use assets. The maturity analysis of lease liabilities is disclosed in Note 40(B)(c) to the Consolidated Financial Statements.

The long-term liabilities mainly relate to (a) ICBP's retention payable for its acquisition of 100% interest in Pinehill in August 2020, which is subject to a profit guarantee adjustment, (b) MPCALA's concession fees payable to the Philippine government in respect of CALAX, (c) NLEX Corporation's concession fees payable to the Philippine government in respect of Connector Road, (d) Maynilad's concession fees payable to MWSS, including a provision for certain additional concession fees payable and related interest amounts in dispute between Maynilad and MWSS, (e) LRMC's concession fees payable to the Philippine government in respect of LRT1, (f) MPIC's outstanding payable for its acquisition of the remaining 25% interest in Beacon Electric from PCEV in June 2017, for which PCEV shall retain the 25% voting rights (except the decisions or policies affecting dividend payouts to be made by Beacon Electric) over these shares until full payment of the total consideration in June 2021, and (g) MPIWI's concession fees payable to MIWD.

In respect of ICBP's retention payable, it was initially recognized at fair value at the acquisition date and subsequently measured at fair value through profit or loss. For the basis of determining the amount of payment, please refer to Note 34(C) to the Consolidated Financial Statements. In respect of the disputed amounts between Maynilad and MWSS, no final resolution has been reached at 31 December 2020.

The pension relates to accrued liabilities in relation to defined benefit retirement schemes and long service payments.

The loans from non-controlling shareholders represent unsecured loans provided by non-controlling shareholders of FPM Power, PLP, and subsidiary companies of IndoAgri and Pinehill.

The others mainly represent (a) Maynilad's real property tax payables on certain common purpose facilities, (b) a financial liability recognized by MPIC in relation to a put option held by Sumitomo Corporation ("Sumitomo"), (c) provisions for various claims and potential claims against the Group, (d) estimated tax warranties and indemnities in relation to the disposal of a 40.1% interest in MPHHI in December 2019, (e) contract liabilities, (f) contractual obligations of NLEX Corporation and CIC to restore their service concession assets to a specified level of serviceability during their service concession periods and to maintain these assets in good conditions prior to the handover of these assets to the Philippine government at the end of their concession periods, (g) the Group's payables on LTIP, and (h) derivative liabilities arising from fuel swaps, interest rate swaps, electricity futures and foreign exchange forward contracts.

On 28 May 2020, MPIC entered into an agreement with Sumitomo to divest its 34.9% interest in MPLRC, which holds a 55% interest in LRMC, to Sumitomo. The agreement also contains a call option of MPIC that allows MPIC to purchase all of Sumitomo's MPLRC shares, and a put option of Sumitomo that allows Sumitomo to sell all of its MPLRC shares to MPIC, in the event of a deadlock (following unsuccessful mediation procedures) and in the event of MPIC's or Sumitomo's default on its obligations under the agreement. As a result, MPIC recognized a financial liability at the present value of the amount payable on exercise of the put option by Sumitomo, which is determined based on the fair value of MPLRC shares. At 31 December 2020, the financial liability amounting to US$74.3 million was recognized in relation to the put option and included in the current portion of deferred liabilities, provisions and payables, and the carrying amount of Sumitomo's non-controlling interests was derecognized with the resulting differences recorded in equity.

At 31 December 2020, US$34.6 million (2019: US$28.5 million) of receipt in advance from customers mainly arising from advance payments relating to future sales of CPO, upfront payments for water connection and installation fees and the unused portion of toll fees received in advance through the electric toll collection media. The obligations to the customers are expected to be fulfilled within one year, except for the obligations in relation to water connection and installation fees to be fulfilled over the remaining concession period. The increase in the balance in 2020 was mainly due to the increase in upfront payments and advances received from customers in relation to water connection and installation services, and sales of consumer food products, respectively.

At the end of the reporting period, the Group is a party to other cases and claims arising from the ordinary course of business filed by third parties, which are either pending decisions by the courts or are subject to settlement agreements. The outcome of these claims cannot be presently determined. In the opinion of the Directors and/or legal counsels, the eventual liability from these lawsuits or claims, if any, will not have a material adverse effect on the Consolidated Financial Statements. Other disclosures required by HKAS 37 were not provided as it may prejudice the Group's position in ongoing claims, litigations and assessments.

29. Share Capital

US$ millions	**2020**	2019
Authorized		
6,000,000,000 (2019: 6,000,000,000) ordinary shares of U.S. 1 cent each	**60.0**	60.0
Issued and fully paid		
4,344,931,044 (2019: 4,344,931,044) ordinary shares of U.S. 1 cent each	**43.4**	43.4

There were no movements in the Company's share capital during the year ended 31 December 2020.

During the year ended 31 December 2019, 2,944,076 new ordinary shares of U.S. 1 cent each were issued for a total cash consideration of HK$8.4 million (US$1.1 million) under the Company's share award scheme. Details of the Company's share award scheme are set out in Note 30 to the Consolidated Financial Statements.

30. Shares Held for Share Award Scheme

	Number of allocated shares held for Purchase Awards	Number of allocated shares held for Subscription Awards	Number of unallocated shares held for Subscription Awards	Shares held for Shares Award Scheme US$ millions
At 1 January 2019	6,884,174	1,599,824	223,020	(4.9)
Purchased	5,418,000	–	–	(2.0)
Granted and reallocated	–	223,020	(223,020)	–
Granted and issued	–	2,944,076	–	(1.1)
Vested and transferred	(6,881,652)	(1,599,824)	–	4.8
At 31 December 2019	5,420,522	3,167,096	–	(3.2)
At 1 January 2020	5,420,522	3,167,096	–	**(3.2)**
Purchased	3,228,000	–	–	**(1.0)**
Vested and transferred	(3,708,843)	(1,055,697)	–	**1.8**
At 31 December 2020	**4,939,679**	**2,111,399**	**–**	**(2.4)**

For the Purchase Awards, during the year ended 31 December 2020, the independent trustee managing the Company's share award scheme purchased 3,228,000 (2019: 5,418,000) shares of the Company at an aggregate consideration of HK$7.1 million (US$1 million) (2019: HK$15.8 million (US$2 million)) from the open market at the cost of the Company.

For the Subscription Awards, during the year ended 31 December 2020, there was no subscription of new shares by the independent trustee managing the Company's share award scheme. During the year ended 31 December 2019, the independent trustee subscribed 2,944,076 new shares issued by the Company at an aggregate consideration of HK$8.4 million (US$1.1 million), and 223,020 shares previously forfeited due to the resignation of a beneficiary were reallocated to eligible employees.

Particulars of the share awards of the Company granted to the Directors and senior executives of the Company at 31 December 2020 are set out below:

(A) Particulars of the Company's Purchase Awards

	Shares granted and unvested shares held at 1 January 2020	Shares granted during the year	Shares vested and transferred during the year	**Shares granted and unvested shares held at 31 December 2020**	Grant date	Vesting period[i]
Executive Director						
Christopher H. Young, *Chief Financial Officer*	4,830,849	–	(1,610,283)	**3,220,566**	8 April 2019	April 2020 to April 2022
Independent Non-executive Directors						
Prof. Edward K.Y. Chen, *GBS, CBE, JP*	957,000	–	(319,000)	**638,000**	8 April 2019	April 2020 to April 2022
Margaret Leung Ko May Yee, *SBS, JP*	957,000	–	(319,000)	**638,000**	8 April 2019	April 2020 to April 2022
Philip Fan Yan Hok	957,000	–	(319,000)	**638,000**	8 April 2019	April 2020 to April 2022
Blair Chilton Pickerell[ii]	–	957,000	–	**957,000**	25 March 2020	March 2022 to March 2023
Senior Executives	3,424,683	–	(1,141,560)	**2,283,123**	8 April 2019	April 2020 to April 2022
Total	11,126,532	957,000	(3,708,843)	**8,374,689**		

(i) The vesting periods of the awarded shares are as follows:
  (a) For the 2019 grants, the shares would be vested in three equal tranches from the first to the third year after the shares are granted.
  (b) For the 2020 grant, the shares would be vested in two equal tranches in the second and the third years after the shares are granted.

(ii) Mr. Blair Chilton Pickerell was appointed as an Independent Non-executive Director with effect from 25 March 2020.

	Shares granted and unvested shares held at 1 January 2019	Shares granted during the year	Shares vested and transferred during the year	Shares forfeited during the year	Shares granted and unvested shares held at 31 December 2019	Grant date	Vesting period[i]
Executive Directors							
Manuel V. Pangilinan, *Managing Director and Chief Executive Officer*	1,488,460	–	(1,488,460)	–	–	–	–
Christopher H. Young, *Chief Financial Officer*	1,184,780	–	(1,184,780)	–	–	–	–
	–	4,830,849	–	–	4,830,849	8 April 2019	April 2020 to April 2022
Non-executive Directors							
Benny S. Santoso	148,844	–	(148,844)	–	–	–	–
Ambassador Albert F. del Rosario[ii]	297,690	–	(297,690)	–	–	–	–
	–	957,000	–	(957,000)	–	–	–
Independent Non-executive Directors							
Prof. Edward K.Y. Chen, *GBS, CBE, JP*	297,690	–	(297,690)	–	–	–	–
	–	957,000	–	–	957,000	8 April 2019	April 2020 to April 2022
Margaret Leung Ko May Yee, *SBS, JP*	297,690	–	(297,690)	–	–	–	–
	–	957,000	–	–	957,000	8 April 2019	April 2020 to April 2022
Philip Fan Yan Hok	297,690	–	(297,690)	–	–	–	–
	–	957,000	–	–	957,000	8 April 2019	April 2020 to April 2022
Madeleine Lee Suh Shin	357,228	–	(357,228)	–	–	–	–
Senior Executives	2,511,580	–	(2,511,580)	–	–	–	–
	–	3,424,683	–	–	3,424,683	8 April 2019	April 2020 to April 2022
Total	6,881,652	12,083,532	(6,881,652)	(957,000)	11,126,532		

(i) The awarded shares would be vested in three equal tranches from the first to the third year after the shares are granted.
(ii) Ambassador Albert F. del Rosario resigned from the Board of Directors with effect from 1 July 2019 and his unvested awarded shares were forfeited.

(B) Particulars of the Company's Subscription Awards

	Shares granted and unvested shares held at 1 January 2020	Shares vested and transferred during the year	**Shares granted and unvested shares held at 31 December 2020**	Grant date	Vesting period(i)
Senior Executives	3,167,096	(1,055,697)	**2,111,399**	8 April 2019	April 2020 to April 2022

(i) The awarded shares would be vested in three equal tranches from the first to the third year after the shares are granted.

	Shares granted and unvested shares held at 1 January 2019	Shares granted during the year	Shares vested and transferred during the year	Shares granted and unvested shares held at 31 December 2019	Grant date	Vesting period(ii)
Senior Executives	172,000	–	(172,000)	–	–	–
	1,360,653	–	(1,360,653)	–	–	–
	67,171	–	(67,171)	–	–	–
	–	3,167,096	–	3,167,096	8 April 2019	April 2020 to April 2022
Total	1,599,824	3,167,096	(1,599,824)	3,167,096		

(ii) The awarded shares would be vested in three equal tranches from the first to the third year after the shares are granted.

On 19 March 2013, the Board resolved to adopt a share award scheme (the "Share Award Scheme"), which has a validity period of 15 years. Directors and Employees of the Group are eligible to participate. Under the Share Award Scheme, the Board can select grantees of awards and determine the number of the Company's shares (the "Shares") to be awarded. An independent trustee (the "Trustee") has been appointed to administer the Share Award Scheme. The Trustee will, depending on the form of the awards made, either subscribe for new Shares to be issued by the Company at the relevant benchmarked price as stipulated in the Listing Rules or purchase existing Shares on the SEHK, in each case, at the cost of the Company. Those Shares purchased and held by the Trustee were not canceled. The Trustee will hold the Shares on trust for the grantees of awards, until the Shares become vested. The awards vest progressively over the vesting period, provided that the relevant grantee remains employed by the Group. Vested Shares will be transferred to the grantees at no cost. Directors of the Group are not eligible to be granted awards of new Shares to be subscribed by the Trustee and issued by the Company, but are eligible to be granted awards of existing Shares to be purchased by the Trustee. The Share Award Scheme also limits the aggregate number of Shares that may be awarded to no more than three percent of the outstanding shares of the Company.

On 8 April 2019, 12,083,532 share awards were granted as Purchase Awards and 3,167,096 share awards were granted as Subscription Awards under the Company's Share Award Scheme. The average fair value of shares granted as calculated by Towers Watson Hong Kong Limited, by adjusting the closing share price at the grant date by the present value of expected dividend payments during the vesting period, was HK$2.72 per share or an aggregate value of US$5.3 million for all shares granted. The assumptions used were as follows:

Share price at the date of grant	HK$2.86 per share
Expected dividend yield	2.5% per annum
Average risk-free interest rate (based on the Hong Kong Exchange Fund Notes)	1.5% per annum

On 25 March 2020, 957,000 share awards were granted as Purchase Awards under the Company's Share Award Scheme. The average fair value of shares granted as calculated by Towers Watson Hong Kong Limited, by adjusting the closing share price at the grant date by the present value of expected dividend payments during the vesting period, was HK$1.26 per share or an aggregate value of US$0.2 million for all shares granted. The assumptions used were as follows:

Share price at the date of grant	HK$1.36 per share
Expected dividend yield	2.9% per annum
Average risk-free interest rate (based on the Hong Kong Exchange Fund Notes)	0.78% per annum

31. Other Components of Equity

The Group's other components of equity comprise share premium, employee share-based compensation reserve, exchange reserve, fair value reserve of financial assets at FVOCI, unrealized gains/losses on cash flow hedges, income tax related to cash flow hedges, actuarial gains/losses on defined benefit pension plans, share of other comprehensive income/loss of associated companies and joint ventures, differences arising from changes in equities of subsidiary companies, reserves for assets classified as held for sale, capital and other reserves, and contributed surplus.

The share premium relates to the amount of fund received by the Company in excess of the par value of its shares issued. It may be used for repurchase of the Company's shares, distribution in the form of fully paid bonus shares and write-off of expenses related to issue of shares by the Company.

The employee share-based compensation reserve arises from the amortization of costs of share options and awarded shares granted under the share option schemes and the share award schemes adopted by the Company and the Group's subsidiary and associated companies over the vesting period. Upon the exercise of share options, the related amount accumulated in the employee share-based compensation reserve is transferred to share premium. Upon the vesting and transfer of the awarded shares to the awardees, the related costs are credited to shares held for share award scheme, and the related fair value of the shares is debited to the employee share-based compensation reserve. The difference between the cost and the fair value of the vested awarded shares is credited to retained earnings if the fair value is higher than the cost or debited against retained earnings if the fair value is less than the cost.

The exchange reserve represents the resulting exchange differences arising from the translation of results and financial position of the Group's foreign operations that have functional currencies different from the Company's presentation currency. An analysis of the Group's exchange reserve, by principal operating company, is set out below:

US$ millions	**2020**	2019
Indofood	**(400.0)**	(384.5)
PLDT	**(61.3)**	(94.0)
MPIC	**(67.7)**	(147.9)
Philex	**(3.9)**	(12.7)
Others	**(4.7)**	(4.1)
Total	**(537.6)**	(643.2)

The fair value reserve of financial assets at FVOCI relates to changes in the fair value of financial assets at FVOCI of the Company and the Group's subsidiary companies.

The unrealized gains/losses on cash flow hedges and income tax related to cash flow hedges relate to the effective portion of changes in fair value of cash flow hedges of the Company and the Group's subsidiary companies.

The actuarial gains/losses on defined benefit pension plans relate to changes in the present value of defined benefit pension obligations resulting from experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred) and the effects of changes in actuarial assumptions.

Share of other comprehensive income/loss of associated companies and joint ventures relates to the Group's share of its associated companies and joint ventures' exchange reserve, fair value reserve of financial assets at FVOCI, unrealized gains/losses on cash flow hedges, income tax related to cash flow hedges, actuarial gains/losses on defined benefit pension plans and revaluation reserve.

The differences arising from changes in equities of subsidiary companies relate to a change in the Group's subsidiary, associated companies' ownership interest in their subsidiary companies without a change of control.

The reserves for assets classified as held for sale pertain to the Group's share of the disposal group's reserves.

The capital and other reserves include capital reserves arising from reorganization activities in some of the Group's subsidiary companies and the Group's share of the equity component of convertible notes issued by an associated company.

The contributed surplus of the Group arose from (a) the Company's reallocation of its entire amount of share premium balance of US$1,785.2 million on 28 June 2016 to the distributable reserve, following the approval obtained from the Company's shareholders during the adjourned annual general meeting, by way of a share premium reduction to nil and a subsequent transfer of the credit amount arising therefrom to the contributed surplus account and (b) a reorganization of the Group in 1988 and represents the difference between the nominal value of the share capital issued by the Company and the aggregate net asset value of the subsidiary companies acquired at the date of acquisition. Under the Companies Act 1981 of Bermuda (as amended), the Company may make distributions to its shareholders out of the contributed surplus provided certain conditions are met.

An analysis of the accumulated reserves of associated companies and joint ventures, included within consolidated reserves, is set out below:

	Associated Companies		**Joint Ventures**		**Total**	
US$ millions	**2020**	2019	**2020**	2019	**2020**	2019
Associated Companies and Joint Ventures						
Revenue reserve	**(1,053.2)**	(1,026.2)	**(27.1)**	(34.5)	**(1,080.3)**	(1,060.7)
Exchange reserve	**(66.3)**	(107.8)	**0.3**	(1.3)	**(66.0)**	(109.1)
Fair value reserve of financial assets at FVOCI	**(1.1)**	(1.1)	**–**	–	**(1.1)**	(1.1)
Unrealized losses on cash flow hedges	**(3.0)**	(1.5)	**–**	–	**(3.0)**	(1.5)
Actuarial losses on defined benefit pension plans	**(202.9)**	(183.7)	**–**	–	**(202.9)**	(183.7)
Differences arising from changes in equities of subsidiary companies	**(7.1)**	(7.1)	**–**	–	**(7.1)**	(7.1)
Capital and other reserves	**15.0**	15.0	**–**	–	**15.0**	15.0
Total (Note 13)	**(1,318.6)**	(1,312.4)	**(26.8)**	(35.8)	**(1,345.4)**	(1,348.2)

32. Non-controlling Interests

Details of the Group's subsidiary companies that have material non-controlling interests are set out below:

US$ millions	2020	2019
Percentage of equity interest held by non-controlling interests		
– Indofood	**49.9%**	49.9%
– MPIC	**56.9%**	58.1%
– FPM Power	**32.2%**	32.4%
– FP Natural Resources	**19.2%**	19.5%

US$ millions	2020	2019
Profit/(loss) for the year allocated to non-controlling interests		
– Indofood	**355.9**	229.0
– MPIC	**169.3**	328.9
– FPM Power	**(16.1)**	(173.7)
– FP Natural Resources	**(43.1)**	(9.2)
Total	**466.0**	375.0
Dividends paid to non-controlling interests		
– Indofood	**146.9**	86.4
– MPIC	**104.3**	148.7
Total	**251.2**	235.1
Balances of non-controlling interests at 31 December		
– Indofood	**4,116.8**	2,543.9
– MPIC	**3,412.4**	3,260.3
– FPM Power	**(104.2)**	(79.3)
– FP Natural Resources	**63.5**	104.4
Total	**7,488.5**	5,829.3

The following table illustrates the summarized financial information under HKFRS of the above subsidiary companies. The amounts disclosed are before any inter-company eliminations.

	Indofood		MPIC		FPM Power		FP Natural Resources	
For the year ended/at 31 December US$ millions	**2020**	2019	**2020**	2019 (Restated)	**2020**	2019	**2020**	2019
Statements of Comprehensive Income								
Turnover	**5,583.1**	5,414.4	**825.5**	1,239.8	**571.0**	713.4	**150.9**	217.4
Profit/(loss) for the year	**570.8**	398.0	**207.1**	539.5	**(26.3)**	(488.8)	**(115.8)**	(24.5)
Other comprehensive income/(loss)	**33.4**	48.5	**(89.2)**	(28.6)	**(14.7)**	33.4	**(1.8)**	(3.1)
Total Comprehensive Income/(Loss)	**604.2**	446.5	**117.9**	510.9	**(41.0)**	(455.4)	**(117.6)**	(27.6)
Statements of Financial Position								
Non-current assets	**8,845.7**	4,687.1	**9,890.0**	10,002.8	**456.0**	474.1	**207.9**	220.4
Current assets	**2,728.2**	2,256.0	**2,975.4**	2,078.1	**116.6**	138.6	**43.9**	223.9
Non-current liabilities	**(3,992.4)**	(1,272.3)	**(5,369.7)**	(5,738.8)	**(571.3)**	(100.9)	**(62.1)**	(62.7)
Current liabilities	**(1,983.3)**	(1,784.8)	**(2,407.3)**	(1,483.4)	**(408.8)**	(876.4)	**(134.4)**	(214.6)
Net Assets/(Liabilities)	**5,598.2**	3,886.0	**5,088.4**	4,858.7	**(407.5)**	(364.6)	**55.3**	167.0
Statements of Cash Flows								
Net cash from/(used in) operating activities	**945.0**	937.7	**239.9**	603.2	**(8.3)**	(6.5)	**(8.1)**	25.5
Net cash (used in)/from investing activities	**(2,565.9)**	(5.0)	**(734.1)**	(533.3)	**(0.1)**	(4.5)	**83.1**	14.4
Net cash from/(used in) financing activities	**1,860.2**	(572.2)	**(11.3)**	93.2	**(19.1)**	40.2	**(83.8)**	(41.6)
Net Increase/(Decrease) in Cash and Cash Equivalents	**239.3**	360.5	**(505.5)**	163.1	**(27.5)**	29.2	**(8.8)**	(1.7)

Effects of Material Transactions with Non-controlling Interests

During the year ended 31 December 2020, Indofood had purchased an aggregate 23.8 million shares (2019: 100.1 million shares) of IndoAgri from the open market at a total cost of S$6.9 million (US$5.1 million) (2019: S$32.5 million or US$23.8 million). As a result of these transactions, Indofood's effective interest in IndoAgri increased to 71.7% from 70.0% (2019: increased to 70.0% from 62.8%). The Group recorded a credit balance of US$5.8 million (2019: US$19.2 million) in differences arising from changes in equities of subsidiary companies within the Group's equity in respect of these transactions.

During the year ended 31 December 2020, MPIC had bought back an aggregate 900.5 million of its shares from the open market at an aggregate consideration of approximately Pesos 3.4 billion (US$69.2 million). As a result of these transactions, the Group's effective economic interest and voting interest in MPIC increased to 43.1% and 56.1%, respectively, from 41.9% and 54.9%, respectively. The Group recorded a credit balance of US$20.1 million in differences arising from changes in equities of subsidiary companies within the Group's equity in respect of these transactions.

In May 2020, MPIC's subsidiary company, CIIF completed the divestment of its 10.3% interest in MUN to West Nippon Expressway, Japan Expressway International Co., Ltd., and Japan Overseas Infrastructure Investment Corporation for Transport & Urban Development for a consideration of US$35.2 million. As a result of this transaction, MPIC's effective interest in MUN decreased to 71.5% from 81.8%. The Group recorded a credit balance of US$2.3 million in differences arising from changes in equities of subsidiary companies within the Group's equity in respect of this transaction.

In May 2020, MPIC also completed the divestment of its 34.9% interest in MPLRC to Sumitomo and a put option was also granted to Sumitomo following the completion of the divestment which allows Sumitomo to sell all of its MPLRC shares to MPIC under certain circumstances pursuant to the sale and purchase agreement. As a result, the Group recorded a net debit balance of US$6.3 million in differences arising from changes in equities of subsidiary companies within the Group's equity in respect of the divestment and the put option.

In August 2019, Indofood's subsidiary company, PT Sukses Artha Jaya ("SAJ"), acquired an 8.8% interest in PT Tirta Sukses Perkasa ("TSP") at a consideration of Rupiah 88 billion (US$6.2 million). As a result of this transaction, Indofood's effective interest in TSP increased to 79.3% from 72.4%. The Group recorded a debit balance of US$3.4 million in differences arising from changes in equities of subsidiary companies within the Group's equity in respect of this transaction.

In September 2019, MPIC's subsidiary company, MPT Asia, completed the acquisition of a 24.98% interest in MUN at a consideration of US$67.0 million. As a result of this transaction, MPIC's effective interest in MUN increased to 81.8% from 56.9%. The Group recorded a debit balance of US$3.6 million in differences arising from changes in equities of subsidiary companies within the Group's equity in respect of this transaction.

33. Other Comprehensive (Loss)/Income Attributable to Owners of the Parent

US$ millions	Exchange reserve	Fair value reserve of financial assets at FVOCI	Unrealized (losses)/ gains on cash flow hedges	Income tax related to cash flow hedges	Actuarial (losses)/gains on defined benefit pension plans	Share of other comprehensive (loss)/income of associated companies and joint ventures	Total
At 1 January 2019	(814.9)	86.4	(19.3)	2.7	(15.1)	(126.7)	(886.9)
Other comprehensive income/(loss) for the year	171.7	23.7	19.1	(3.2)	(1.8)	(39.1)	170.4
Deconsolidation of a subsidiary company	–	–	–	–	0.3	–	0.3
Disposal of an associated company	–	–	–	–	–	0.1	0.1
At 31 December 2019	(643.2)	110.1	(0.2)	(0.5)	(16.6)	(165.7)	(716.1)
At 1 January 2020	(643.2)	110.1	(0.2)	(0.5)	(16.6)	(165.7)	**(716.1)**
Other comprehensive income/(loss) for the year	108.4	13.8	(8.4)	0.5	8.5	(54.5)	**68.3**
Attributable to a discontinued operation (Note 7(B))	–	–	–	–	(1.1)	–	**(1.1)**
Transfer to retained earnings	–	0.1	–	–	(0.2)	–	**(0.1)**
Acquisition of an interest in a subsidiary company	(2.8)	–	–	–	–	–	**(2.8)**
At 31 December 2020	**(537.6)**	**124.0**	**(8.6)**	**–**	**(9.4)**	**(220.2)**	**(651.8)**

34. Notes to the Consolidated Statement of Cash Flows

(A) Proceeds from Disposal of Property, Plant and Equipment

2020's cash inflow of US$104.5 million mainly relates to proceeds from disposal of La Carlota assets.

(B) Proceeds from Instalment Payments for Disposal of a Subsidiary Company

2020's cash inflow of US$80.9 million relates to the second and final instalment payments received for the disposal of a 40.1% interest in MPHHI.

2019's cash inflow of US$47.6 million related to the final instalment payment received for the disposal of a 29.9% interest in China Minzhong Corporation Limited.

(C) Acquisition of Subsidiary Companies

	Fair value recognized on acquisition			
US$ millions	Indofood's acquisition of Pinehill(i)	MPIC's acquisition of Dibztech(i)	**2020 Total**	2019 Total
Consideration				
Cash and cash equivalents	2,348.0	1.3	**2,349.3**	3.3
Associated companies and joint ventures(ii)	–	–	**–**	8.8
Deferred liabilities, provisions and payables(iii) (Note 28)	650.0	–	**650.0**	–
Total	2,998.0	1.3	**2,999.3**	12.1
Net Assets				
Property, plant and equipment (Note 11)	93.1	0.1	**93.2**	0.2
Associated companies and joint ventures	448.7	–	**448.7**	–
Other intangible assets (Note 15)	–	–	**–**	26.4
Deferred tax assets (Note 19)	1.0	–	**1.0**	–
Other non-current assets	0.9	–	**0.9**	0.7
Cash and cash equivalents	94.2	–	**94.2**	3.1
Accounts receivable, other receivables and prepayments (Current)	173.0	–	**173.0**	1.3
Inventories	52.7	–	**52.7**	–
Accounts payable, other payables and accruals	(72.3)	(0.3)	**(72.6)**	(5.4)
Provision for taxation (Note 27)	(17.5)	–	**(17.5)**	–
Current portion of deferred liabilities, provisions and payables (Note 28)	(12.9)	–	**(12.9)**	(0.1)
Long-term borrowings (Note 34(H))	–	–	**–**	(16.1)
Deferred liabilities, provisions and payables (Note 28)	(12.6)	–	**(12.6)**	(0.4)
Deferred tax liabilities (Note 19)	(1.0)	–	**(1.0)**	–
Total Net Identifiable Assets/(Liabilities) Acquired/(Assumed)	747.3	(0.2)	**747.1**	9.7
Less: Non-controlling interests(iv)	(1,302.0)	–	**(1,302.0)**	(4.1)
Add: Goodwill (Note 14)	3,552.7	1.5	**3,554.2**	6.5
	2,998.0	1.3	**2,999.3**	12.1
Net Cash Outflow per the Consolidated Statement of Cash Flows	(2,253.8)	(1.3)	**(2,255.1)**	(0.2)

(i) Provisional amounts determined based on management's estimates of the fair values of the identifiable assets acquired, liabilities and contingent liabilities assumed, and subject to revision upon their further assessment

(ii) 2019's amount represented the fair value of a 45% interest in PNW previously held by MPIC.

(iii) Represents the retention amount payable due in April 2022

(iv) The non-controlling interests were measured at fair value (2019: the proportionate share of their interests in the acquiree's identifiable net assets).

On 22 May 2020, ICBP, entered into a conditional shares sale and purchase agreement with Pinehill Corpora Limited ("Pinehill Corpora") and Steele Lake Limited ("Steele Lake") (collectively the "Sellers") in relation to the acquisition of the entire issued share capital of Pinehill, which is engaged in the manufacture and sale of instant noodles, for a total consideration of US$2,998.0 million, of which US$2,348.0 million would be payable in cash upon the completion of the acquisition. A retention amount of US$650.0 million shall be retained by ICBP until 30 April 2022 and subject to a profit guarantee adjustment undertaken by the Sellers. The transaction was approved by the Company's independent shareholders and ICBP's shareholders in July and August 2020, respectively, and completed on 27 August 2020.

Under the shares sale and purchase agreement, the Sellers have undertaken a profit guarantee that if the actual average audited consolidated net profit after tax of Pinehill for the years ended and ending 31 December 2020 and 2021, respectively, is less than 95% of the guaranteed profit, i.e. US$128.5 million, a price adjustment will be triggered to reduce the retention amount and the adjustment is based on the whole shortfall, multiplied by the price earnings multiple of 23 times.

The fair value of Pinehill's receivables was US$173.0 million, while the gross contractual amounts of receivables was US$177.7 million. The transaction costs of US$3.3 million incurred for this business combination have been recognized as administrative expenses in the consolidated income statement.

On 1 December 2020, MPTC acquired a 100% interest in Dibztech, Inc. ("Dibztech"), which owns and operates the Dibz Mobile Application as a platform that allows drivers to search for, reserve and locate a parking space before arriving at their destinations, for a consideration of approximately Pesos 64 million (US$1.3 million).

The net assets/liabilities of the acquired subsidiary companies recognized in the Group's 2020 Consolidated Financial Statements were based on provisional assessments of the fair values while the Group is still evaluating the fair values of the assets acquired and liabilities and contingent liabilities assumed. The valuation and assessment had still been ongoing by the date of these financial statements. If new information obtained within one year of the acquisition date about facts and circumstances that existed at the acquisition date identifies adjustments to the above provisional amounts, or any provisions that existed at the acquisition dates, then the accounting for the acquisition will be revised.

The goodwill arising from Indofood's acquisition of Pinehill and MPIC's acquisition of Dibztech pertains to, but is not limited to, the expected synergies in the Group arising from the acquisition. None of the goodwill recognized is expected to be deductible for income tax purposes.

Since the dates of acquisition, the above acquired subsidiary companies recorded in aggregate a turnover of US$247.1 million and profit for the period of US$67.3 million which are included in the consolidated income statement of the Group. If the acquisitions had taken place on 1 January 2020, the turnover and profit for the year ended 31 December 2020 of the Group would have been US$7,531.4 million and US$785.2 million, respectively.

2019's net cash outflow of US$0.2 million mainly related to MPIC's acquisition of a 100% interest in Southbend Express Services Inc. and an additional 7.5% interest in PNW.

(D) Increased Investments in Joint Ventures

2020's cash outflow of US$66.6 million mainly relates to MPIC's last instalment payment to PCEV for its acquisition of a 25% interest in Beacon Electric in May 2016.

2019's cash outflow of US$69.8 million mainly related to MPIC's instalment payment to PCEV for its acquisition of a 25% interest in Beacon Electric in May 2016, Head Office's capital injection into Goodman Fielder and Indofood's capital injections into Oji Indo Makmur Perkasa and Canápolis Holding S.A.

(E) Instalment Payment for Acquisition of a Subsidiary Company

2020's cash outflow of US$49.5 million (2019: US$47.5 million) relates to MPIC's instalment payment to PCEV for its acquisition of the remaining 25% interest in Beacon Electric in June 2017.

(F) Proceeds from Disposal of a Subsidiary Company

2019's cash inflow of US$430.2 million related to MPIC's disposal of a 40.1% interest in MPHHI.

(G) Proceeds from Disposal of a Joint Venture

2019's cash inflow of US$275.0 million related to the Group's disposal of its 50% interest in FPW.

(H) Reconciliation of Liabilities Arising from Financing Activities

US$ millions	Loans from non-controlling shareholders	Service concession fees payable	Borrowings	Lease liabilities	Dividends/ distribution payable	Total
At 1 January 2019	200.6	582.7	8,517.9	75.3	47.8	9,424.3
Exchange translation	1.4	20.8	221.6	2.0	2.0	247.8
Changes in financing cash flows	5.8	(32.4)	229.1	(20.0)	(301.7)	(119.2)
Finance costs	5.0	11.3	7.4	4.4	–	28.1
Dividends/distribution declared	–	–	–	–	309.2	309.2
Acquisition of subsidiary companies	–	–	16.1	–	–	16.1
Deconsolidation of a subsidiary company	–	–	(24.7)	(6.1)	–	(30.8)
Interest paid classified as operating cash flows	–	–	–	(4.4)	–	(4.4)
Other non-cash movements	–	67.2	(36.6)	7.9	–	38.5
At 31 December 2019	212.8	649.6	8,930.8	59.1	57.3	9,909.6
At 1 January 2020	212.8	649.6	8,930.8	59.1	57.3	**9,909.6**
Exchange translation	(0.5)	31.2	263.3	2.1	1.7	**297.8**
Changes in financing cash flows	0.4	(117.2)	2,010.0	(34.1)	(329.6)	**1,529.5**
Finance costs	4.6	12.7	25.2	4.3	–	**46.8**
Dividends/distribution declared	–	–	–	–	319.9	**319.9**
Acquisition of a subsidiary company	12.7	–	–	1.9	–	**14.6**
Attributable to a discontinued operation	–	–	(593.8)	–	(38.7)	**(632.5)**
Interest paid classified as operating cash flows	–	–	–	(4.3)	–	**(4.3)**
Other non-cash movements	–	36.7	(1.9)	45.9	–	**80.7**
At 31 December 2020	**230.0**	**613.0**	**10,633.6**	**74.9**	**10.6**	**11,562.1**

(I) Proceeds from Divestments of Interests in Subsidiary Companies

2020's cash inflow of US$94.0 million relates to proceeds from MPIC's divestment of a 19.2% interest in LRMC and a 10.3% interest in MUN in May 2020.

(J) Repurchase of a Subsidiary Company's Shares

2020's cash outflow of US$69.2 million relates to MPIC's shares buyback in March and October 2020.

(K) Total Cash Outflow for Leases

The total cash outflow for leases included in the consolidated statement of cash flows is as follows:

US$ millions	2020	2019
Within operating activities	**19.2**	18.0
Within financing activities	**34.1**	20.0
Total	**53.3**	38.0

(L) Major non-cash transaction

For the year ended 31 December 2020, the Group had non-cash additions to (i) right-of-use assets and lease liabilities of US$45.9 million (2019: US$7.9 million) and US$45.9 million (2019: US$7.9 million), respectively, in respect of lease arrangements for buildings, and machinery and equipment, and (ii) service concession assets and service concession fees payable of US$42.0 million (2019: US$68.7 million) and US$42.0 million (2019: US$68.7 million), respectively, in respect of MPIC's certain service concession arrangements.

35. Commitments and Contingent Liabilities

(A) Capital Expenditure

US$ millions	2020	2019
Commitments in respect of subsidiary companies:		
– Authorized, but not contracted for	**1,401.6**	1,704.1
– Contracted, but not provided for	**533.6**	666.9
Total	**1,935.2**	2,371.0

The Group's capital expenditure commitments principally relate to Indofood's, MPIC's, RHI's and PLP's purchase of property, plant and equipment, and construction of infrastructures for Maynilad's and MPW's water and sewerage businesses, MPTC's toll road business and LRMC's rail business.

(B) Contingent Liabilities

At 31 December 2020, except for guarantees of US$30.8 million (2019: US$41.3 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 (2019: Nil).

36. Employees' Benefits

(A) Remuneration

US$ millions	**2020**	2019 (Restated)
Basic salaries	**498.5**	511.3
Bonuses	**184.1**	189.6
Benefits in kind	**103.8**	115.4
Pension contributions	**36.3**	53.3
Retirement and severance allowances	**6.3**	1.8
Employee share-based compensation benefit expenses/LTIP	**3.0**	3.2
Total	**832.0**	874.6
Arising from:		
Continuing operations (Note 5(A))	**803.2**	851.0
A discontinued operation	**28.8**	23.6
	832.0	874.6
Average Number of Employees		
Continuing operations	**101,534**	110,487
A discontinued operation	**959**	961
	102,493	111,448

The above includes the remuneration of the Directors. Detailed disclosures in respect of the Directors' remuneration are set out in Note 37(A) to the Consolidated Financial Statements.

(B) Retirement Benefits

The Group operates both defined contribution and defined benefit schemes. In addition, the Group has made provisions for estimated liabilities for employee benefits for meeting the minimum benefits required to be paid to the qualified employees as required under the Philippines Republic Act (R.A.) No. 7641 ("R.A. 7641") and the Indonesian Labor Law.

Under R.A. 7641, companies are required to pay a minimum benefit of equivalent to one-half month's salary for every year of service, with six months or more of service considered as one year, to employees with at least five years of services. As some of the entities of the Group operate in the Philippines, they provide for either a defined contribution retirement plan or a defined benefit plan that consider the minimum benefit guarantee mandated under R.A. 7641.

Under the Indonesian Labor Law, companies are required to pay separation, appreciation and compensation benefits to their employees if the conditions specified in the Indonesian Labor Law are met. Some of the Group's Indonesian subsidiary companies maintain and operate formal pension plans for the benefit of their employees, additional provisions for the estimated liabilities for employee service entitlement benefits are made on top of the benefits provided under their respective pension plans, if necessary, in order to meet and cover the minimum benefits required to be paid to employees under the Indonesian Labor Law.

Under the Central Provident Fund Act in Singapore, the Singapore companies in the Group are required to make contributions to the Central Provident Fund scheme in Singapore, which is a defined contribution pension scheme. Contributions to defined contribution pension schemes are made based on a percentage of the employees' basic salaries and charged to the income statement as they become payable in accordance with the rules of the respective schemes.

Under the Mandatory Provident Fund Schemes Ordinance and the Occupational Retirement Schemes Ordinance in Hong Kong, the Hong Kong companies in the Group are required to make contributions to the Mandatory Provident Fund retirement scheme and the occupational retirement scheme in Hong Kong, which are defined contribution pension schemes. Contributions are made based on a percentage of the employees' basic salaries and charged to the consolidated income statement as they become payable in accordance with the rules of the respective schemes.

(a) Defined contribution schemes

The Group operates 12 (2019: 12) defined contribution schemes covering approximately 13,706 (2019: 14,222) employees. The assets of these schemes are held separately and are administered by independent trustees. Contributions to the schemes, either by the Group or by the employees, are determined by reference to the employees' salaries and length of service and range from 0% to 40% (2019: 0% to 40%). Under the terms of the schemes, the Group cannot be requested to make additional payments over and above these levels of contributions. In seven (2019: seven) of the schemes, forfeited contributions may be used to reduce the existing levels of employer contributions and, in 2020, no amount (2019: Nil) was used for this purpose. There were no significant forfeited contributions at 31 December 2020 and 2019.

The Group's Indonesian and Singapore subsidiary companies have defined contribution retirement plans covering substantially all of their qualified permanent employees. The related liability arising from the difference between the cumulative funding since the establishment of the program and the cumulative pension costs charged to the consolidated income statement during the same period is recognized as employee benefit liabilities in the consolidated statement of financial position.

Although the Group's Philippine operating companies operate defined contribution schemes, they are covered under R.A. 7641 which provides for its qualified employees under a defined benefit minimum guarantee. The defined minimum guarantee is equivalent to a certain percentage of the monthly salary payment to an employee at the normal retirement age with the required credited years of service based on the provisions of R.A. 7641. The Philippine operating companies account for the retirement obligation under the higher of defined benefit obligation relating to the minimum guarantee and the obligation arising from the defined contribution plan.

(b) Defined benefit schemes and estimated liabilities for employee benefits

The Group operates 19 (2019: 21) defined benefit schemes covering 8,101 (2019: 10,284) employees. 11 (2019: 12) of the plans are unfunded where the Group meets the benefit payment obligations as they fall due while eight (2019: nine) of the defined benefit payments are from trustee-administered funds. For unfunded schemes, the Group engages the services of actuaries to conduct valuation studies to determine the retirement obligations to ensure that these maturing obligations and expected benefit payments are covered and budgeted for. For the funded schemes, the assets are held separately from the Group and are administered by independent trustees. Benefits are determined by reference to employees' final salaries and length of service, and the schemes have undergone independent valuations on an annual basis. These actuarial valuations, performed by the actuaries of PT Kappa Konsultan Utama and PT Dayamandiri Dharmakonsilindo (members of the Actuarial Consultant Association of Indonesia), Institutional Synergy, Inc., E.M. Zalamea Actuarial Services, Inc. and Key Actuarial Intelligence, Inc. (members of the Actuary Society of the Philippines), were based on the projected unit credit method. The plan assets do not include any financial instruments of the Group or property occupied by, or other assets used by, the Group. At 31 December 2020, the Group's level of funding in respect of its defined benefit schemes was 54.0% (2019: 50.9%).

The Group's plan assets mainly comprise debt securities, equities, cash in banks, time deposits and unit trust funds. Thus, the cash flows from the assets alter in accordance with the change of equity prices and interest rates, and the assets are subject to various risks including credit, investment and liquidity risks. While the Group does not perform any asset-liability matching study, the risks arising from the nature of the assets comprising the fund, are mitigated by limiting the investments in financial assets only to the good quality instruments as recommended by the trust managers, investing in reputable equity shares with good fair values and contributing to the respective fund from time to time, based on the recommendations of their actuaries with the objective of maintaining their respective funds in a sound condition.

The Group has also made provisions for estimated liabilities for employee benefits covering the employees of its Indonesian subsidiary companies. The amounts of such provisions were determined by reference to employees' final salaries and length of service and mainly based on actuarial computations prepared by the actuaries of PT Kappa Konsultan Utama (a member of the Actuarial Consultant Association of Indonesia) using the projected unit credit method.

(I) The amounts of liability under defined benefit schemes and estimated liabilities for employee benefits included in the consolidated statement of financial position are as follows:

US$ millions	Defined benefit Schemes	Estimated liabilities for employee benefits	Total **2020**	2019
Present value of defined benefit obligations	(74.8)	(479.0)	**(553.8)**	(581.6)
Fair value of plan assets	40.3	–	**40.3**	43.5
Liability in the Consolidated Statement of Financial Position	(34.5)	(479.0)	**(513.5)**	(538.1)

(II) The changes in the present value of the obligations under defined benefit schemes and estimated liabilities for employee benefits during the year are as follows:

US$ millions	Defined benefit schemes	Estimated liabilities for employee benefits	Total **2020**	2019
At 1 January	(88.3)	(493.3)	**(581.6)**	(518.5)
Exchange translation	(5.2)	9.4	**4.2**	(20.0)
Current service cost	(8.9)	(28.1)	**(37.0)**	(42.7)
Past service cost	(0.6)	10.6	**10.0**	(0.8)
Interest cost on obligation	(4.1)	(36.0)	**(40.1)**	(43.2)
Actuarial (losses)/gains arising from:				
– Changes in demographic assumptions	(2.4)	0.2	**(2.2)**	1.3
– Changes in financial assumptions	(6.5)	15.5	**9.0**	(21.9)
– Experience adjustments	0.1	22.6	**22.7**	14.3
Acquisition of a subsidiary company	–	(10.9)	**(10.9)**	–
Attributable to a discontinued operation	32.1	–	**32.1**	–
Deconsolidation of a subsidiary company	–	–	**–**	14.2
Benefits paid and others	9.0	31.0	**40.0**	35.7
At 31 December	(74.8)	(479.0)	**(553.8)**	(581.6)

(III) The changes in the fair value of plan assets under the defined benefit schemes during the year are as follows:

US$ millions	**2020**	2019
At 1 January	**43.5**	40.5
Exchange translation	**2.4**	1.7
Interest income included in net interest cost	**2.1**	3.3
Return on plan assets (excluding amount included in net interest cost)	**(0.8)**	(0.6)
Contributions by employers	**11.3**	11.7
Attributable to a discontinued operation	**(11.1)**	–
Deconsolidation of a subsidiary company	**–**	(8.4)
Benefits paid and others	**(7.1)**	(4.7)
At 31 December	**40.3**	43.5

(IV) The major categories of plan assets as a percentage of the fair value of the total plan assets under the defined benefit schemes are as follows:

	2020	2019
Philippine debt securities	**56%**	56%
Philippine equities	**30%**	23%
Indonesian debt securities	**1%**	1%
Indonesian equities	**1%**	1%
Cash in banks and time deposits	**5%**	4%
Unit trust funds and others	**7%**	15%

(V) The amount recognized in the consolidated income statement and consolidated statement of comprehensive income is analyzed as follows:

			Total	
US$ millions	Defined benefit schemes	Estimated liabilities for employee benefits	**2020**	2019
Current service cost[i]	8.9	28.1	**37.0**	42.7
Past service cost[i]	0.6	(10.6)	**(10.0)**	0.8
Interest cost on obligation[i]	4.1	36.0	**40.1**	43.2
Interest income on plan assets[i]	(2.1)	–	**(2.1)**	(3.3)
Actuarial losses/(gains) arising from				
– Changes in demographic assumptions[ii]	2.4	(0.2)	**2.2**	(1.3)
– Changes in financial assumptions[ii]	6.5	(15.5)	**(9.0)**	21.9
– Experience adjustments[ii]	(0.1)	(22.6)	**(22.7)**	(14.3)
Return on plan assets (excluding amount included in net interest cost)[ii]	0.8	–	**0.8**	0.6
Total	21.1	15.2	**36.3**	90.3
Actual Return on Plan Assets			**3%**	7%

(i) Included in cost of sales, selling and distribution expenses and administrative expenses
(ii) Included in other comprehensive income

(VI) Principal actuarial assumptions (weighted average) at 31 December are as follows:

	2020	2019
Discount rate	**6%**	7%
Future annual salary increases	**6%**	8%

(VII) The calculation of the defined benefit obligation is sensitive to the assumptions set above. The following table summarizes how the present value of the defined benefit obligation at the end of the reporting period would have increased or decreased as a result of changes in the respective assumptions:

US$ millions	**Increase/ (decrease)**	**(Decrease)/ increase at 31 December 2020**	Increase/ (decrease)	(Decrease)/ increase at 31 December 2019
Annual discount rate (%)	**1.0**	**(28.6)**	1.0	(24.9)
	(1.0)	**33.6**	(1.0)	29.5
Future annual salary increases (%)	**1.0**	**33.9**	1.0	30.0
	(1.0)	**(29.2)**	(1.0)	(25.7)

(VIII) The following table provides the maturity analysis of the undiscounted benefit payments as at 31 December:

US$ millions	**2020**	2019
Less than one year	**47.7**	43.1
One year to five years	**161.8**	167.8
More than five years	**3,060.7**	4,322.2
Total expected benefit payments	**3,270.2**	4,533.1

The weighted average duration of the defined benefit obligation is 12 years (2019: 11 years).

(IX) The Group expects to contribute US$6.7 million (2019: US$5.4 million) to its defined benefit pension plans next year.

(C) Loans to Officers

During the years ended 31 December 2020 and 2019, there were no loans made by the Group to officers which required disclosure pursuant to section 383(1)(d) of the Hong Kong Companies Ordinance and Part 3 of the Companies (Disclosure of Information about Benefits of Directors) Regulation.

37. Directors' and Senior Executives' Remuneration

(A) Directors' Remuneration

The remuneration of Directors and chief executive of the Company for the year ended 31 December 2020, disclosed on an individual basis and pursuant to the Appendix 16 paragraph 24 of the Listing Rules, section 383 (1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

Directors' Remuneration – 2020

	Non-performance based						
US$'000	Salaries	Other benefits	Pension contributions	Performance based payments(i)	Employee share-based compensation benefit expenses/LTIP	Fees(ii)	**Total**
Chairman							
Anthoni Salim	3,057	–	–	–	–	53	**3,110**
Executive Directors							
Manuel V. Pangilinan, *Managing Director and Chief Executive Officer*	5,718	529	198	528	2,709	–	**9,682**
Christopher H. Young, *Chief Financial Officer*	1,629	267	159	392	1,626	–	**4,073**
Non-executive Directors							
Tedy Djuhar	–	–	–	–	–	28	**28**
Benny S. Santoso	–	–	–	–	92	90	**182**
Axton Salim(iii)	1,615	–	–	–	–	41	**1,656**
Independent Non-executive Directors							
Prof. Edward K.Y. Chen, *GBS, CBE, JP*	–	–	–	–	123	139	**262**
Margaret Leung Ko May Yee, *SBS, JP*	–	–	–	–	123	139	**262**
Philip Fan Yan Hok	–	–	–	–	123	145	**268**
Madeleine Lee Suh Shin	–	–	–	–	92	137	**229**
Blair Chilton Pickerell(iv)	–	–	–	–	48	103	**151**
Total	12,019	796	357	920	4,936	875	**19,903**

(i) Performance based payments comprise performance bonuses and long-term monetary incentive awards.
(ii) For meetings attended
(iii) Mr. Axton Salim was appointed as a Non-executive Director with effect from 25 March 2020.
(iv) Mr. Blair Chilton Pickerell was appointed as an Independent Non-executive Director with effect from 25 March 2020.

Directors' Remuneration – 2019

US$'000	Non-performance based: Salaries	Non-performance based: Other benefits	Non-performance based: Pension contributions	Performance based payments[i]	Employee share-based compensation benefit expenses/LTIP	Fees[ii]	Total
Chairman							
Anthoni Salim	3,106	–	–	–	–	66	3,172
Executive Directors							
Manuel V. Pangilinan, *Managing Director and Chief Executive Officer*	4,707	523	198	4,470	2,704	–	12,602
Christopher H. Young, *Chief Financial Officer*	1,623	258	159	235	1,799	–	4,074
Non-executive Directors							
Tedy Djuhar	–	–	–	–	–	28	28
Benny S. Santoso	–	–	–	–	124	104	228
Ambassador Albert F. del Rosario[iii]	–	–	–	–	79	64	143
Independent Non-executive Directors							
Prof. Edward K.Y. Chen, *GBS, CBE, JP*	–	–	–	–	167	178	345
Margaret Leung Ko May Yee, *SBS, JP*	–	–	–	–	167	166	333
Philip Fan Yan Hok	–	–	–	–	167	177	344
Madeleine Lee Suh Shin	–	–	–	–	130	152	282
Total	9,436	781	357	4,705	5,337	935	21,551

(i) Performance based payments comprise performance bonuses and long-term monetary incentive awards.
(ii) For meetings attended
(iii) Ambassador Albert F. del Rosario resigned from the Board of Directors with effect from 1 July 2019.

Included within the total Directors' remuneration is an amount of US$2.1 million (2019: US$1.3 million) paid by PLDT, an associated company, in respect of the services of the Managing Director and Chief Executive Officer of the Company.

(B) Senior Executives' Remuneration

As similar remuneration schemes operate for the senior executives of the Group, their remuneration may exceed those of the Company's Directors. One (2019: Two) senior executive was among the Group's five highest earning employees during the year ended 31 December 2020. The remaining four (2019: three) of the five highest earning employees are the Company's Directors. Details of the remuneration for one (2019: two) senior executive are as follows:

US$'000	**2020**	2019
Non-performance based		
– Salaries and benefits	**1,230**	2,600
Performance based		
– Bonuses and long-term monetary incentive awards	**–**	12,676
Retirement benefit payments	**4,336**	–
Total	**5,566**	15,276

The remuneration of one (2019: two) senior executive who was among the Group's five highest earning employees in 2020 is within the following bands:

Remuneration bands	**2020 Number**	2019 Number
US$5,508,000 – US$5,572,000	**1**	–
US$7,364,000 – US$7,428,000	**–**	1
US$7,876,000 – US$7,940,000	**–**	1

(C) Key Management Personnel Compensation

US$ millions	2020	2019
Non-performance based		
– Salaries and benefits	**67.0**	69.0
– Pension contributions	**4.7**	5.1
Performance based		
– Bonuses and long-term monetary incentive awards	**57.2**	63.5
Retirement benefit payments	**4.3**	–
Employee share-based compensation benefit expenses/LTIP	**3.0**	3.2
Fees	**0.8**	0.9
Total	**137.0**	141.7

(D) Share Options

The Company and its subsidiary companies operate share option schemes for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Particulars of the share options of the Company and its subsidiary companies granted to the Directors and senior executives of the Company and its subsidiary companies at 31 December 2020 and 2019 are set out below:

(a) Particulars of the Company's share option scheme

	Share options held at 1 January 2020	Share options lapsed during the year	Share options held at 31 December 2020	Share options exercise price per share (HK$)	Market price per share immediately before the date of grant (HK$)	Grant date	Vesting period[iii]	Exercisable period
Non-executive Director								
Benny S. Santoso	1,339,600	–	**1,339,600**	4.972	4.950	15 April 2016	April 2017 to April 2019	April 2017 to April 2022
	3,828,000	–	**3,828,000**	2.87	2.87	8 April 2019	April 2020 to April 2022	April 2020 to April 2025
Independent Non-executive Director								
Madeleine Lee Suh Shin	3,828,000	–	**3,828,000**	2.87	2.87	8 April 2019	April 2020 to April 2022	April 2020 to April 2025
Senior Executives	3,242,137	(3,242,137)	**–**	5.1932[i]	5.2127[i]	–	–	–
	1,184,750	–	**1,184,750**	4.972	4.950	15 April 2016	April 2017 to April 2019	April 2017 to April 2022
	403,025	–	**403,025**	6.092	5.98	7 June 2017	June 2018 to June 2019	June 2018 to April 2022
	7,699,459	–	**7,699,459**	2.87	2.87	8 April 2019	April 2020 to April 2022	April 2020 to April 2025
Total	21,524,971	(3,242,137)	**18,282,834**[ii]					

(i) Adjusted for the effect of the Company's rights issue completed in July 2013 for the prices prior to the trading of the Company's shares on an ex-rights basis on 6 June 2013

(ii) The number of outstanding share options vested and exercisable at 31 December 2020 was 8,045,860. These share options had a weighted average exercise price of HK$3.69.

(iii) The vesting periods of the share options are as follows:
- (a) For the 2016 and 2019 grants, the share options would be vested in three equal tranches from the first to the third year after the share options are granted.
- (b) For the 2017 grant, the share options would be vested in two equal tranches in the first and the second year after the share options are granted.

	Share options held at 1 January 2019	Share options granted during the year	Share options canceled during the year[i]	Share options held at 31 December 2019	Share options exercise price per share (HK$)	Market price per share immediately before the date of grant (HK$)	Grant date	Vesting period[iv]	Exercisable period
Executive Director									
Manuel V. Pangilinan	10,224,972	–	(10,224,972)	–	10.2299[ii]	10.4450[ii]	–	–	–
Non-executive Director									
Benny S. Santoso	715,748	–	(715,748)	–	10.2299[ii]	10.4450[ii]	–	–	–
	1,097,139	–	(1,097,139)	–	10.2729[ii]	9.7213[ii]	–	–	
	715,748	–	(715,748)	–	10.2299	7.72	–	–	–
	1,339,600	–	–	1,339,600	4.972	4.950	15 April 2016	April 2017 to April 2019	April 2017 to April 2022
	–	3,828,000	–	3,828,000	2.87	2.87	8 April 2019	April 2020 to April 2022	April 2020 to April 2025
Independent Non-executive Directors									
Prof. Edward K.Y. Chen, *GBS, CBE, JP*	1,097,139	–	(1,097,139)	–	10.2729[ii]	9.7213[ii]	–	–	–
Margaret Leung Ko May Yee, *SBS, JP*	715,748	–	(715,748)	–	10.2299[ii]	10.4450[ii]	–	–	–
	1,097,139	–	(1,097,139)	–	10.2729[ii]	9.7213[ii]	–	–	–
Philip Fan Yan Hok	715,748	–	(715,748)	–	10.2299[ii]	10.4450[ii]	–	–	–
	1,097,139	–	(1,097,139)	–	10.2729[ii]	9.7213[ii]	–	–	–
Madeleine Lee Suh Shin	–	3,828,000	–	3,828,000	2.87	2.87	8 April 2019	April 2020 to April 2022	April 2020 to April 2025
Senior Executives	3,242,137	–	–	3,242,137	5.1932[ii]	5.2127[ii]	18 June 2010	June 2012 to June 2015	June 2012 to June 2020
	24,130,933	–	(24,130,933)	–	10.2299[ii]	10.4450[ii]	–	–	–
	44,227,095	–	(44,227,095)	–	10.2729[ii]	9.7213[ii]	–	–	–
	5,112,486	–	(5,112,486)	–	10.2299	7.72	–	–	–
	14,638,000	–	(14,638,000)	–	10.2514	7.72	–	–	–
	7,538,000	–	(7,538,000)	–	10.2514	9.24	–	–	–
	1,184,750	–	–	1,184,750	4.972	4.950	15 April 2016	April 2017 to April 2019	April 2017 to April 2022
	403,025	–	–	403,025	6.092	5.98	7 June 2017	June 2018 to June 2019	June 2018 to April 2022
	–	7,699,459	–	7,699,459	2.87	2.87	8 April 2019	April 2020 to April 2022	April 2020 to April 2025
Total	119,292,546	15,355,459	(113,123,034)	21,524,971[iii]					

(i) On 8 April 2019, First Pacific's Board of Directors approved to rescind and cancel a total of 113,123,034 share options granted by the Company to the Directors and senior executives of the Company during the period from March 2013 to July 2014 at exercise prices ranging from HK$10.2299 to HK$10.2729. The corresponding amounts accumulated in the employee share-based compensation reserve for these share options were credited to retained earnings upon cancelation.

(ii) Adjusted for the effect of the Company's rights issue completed in July 2013 for the prices prior to the trading of the Company's shares on an ex-rights basis on 6 June 2013

(iii) The number of outstanding share options vested and exercisable at 31 December 2019 was 6,169,512. These share options had a weighted average exercise price of HK$5.16.

(iv) The vesting periods of the share options are as follows:
  (a) For the 2010 grant, the share options would be vested in four tranches (40% from the second year after the share options are granted and 20% each from the third to the fifth year after the grant).
  (b) For the 2016 and 2019 grants, the share options would be vested in three equal tranches from the first to the third year after the share options are granted.
  (c) For the 2017 grant, the share options would be vested in two equal tranches in the first and the second year after the share options are granted.

At the AGM held on 24 May 2004, the Company's shareholders approved a share option scheme (the "Scheme") under which the Directors may, at their discretion, at any time during the life of the Scheme, grant Directors and executives of the Company's share options as part of the Company's LTIP. The Scheme, which complies with the provisions set out in Chapter 17 of the Listing Rules, became effective on 24 May 2004. The Scheme was valid for 10 years and expired on 23 May 2014.

The maximum number of shares on which options may be granted may not exceed 10% of the Company's issued share capital as at the date of approval of the Scheme by the shareholders, which equaled to 318,599,300 shares. The maximum number of shares in respect of which options may be granted under the Scheme to any one participant in any 12-month period is limited to 1% of the aggregate number of shares of the Company in issue at the time of the proposed grant of options to such participant.

The exercise price in relation to each share option offer shall be determined by the Directors at their absolute discretion, but in any event shall not be less than the highest of (i) the closing price of the Company's shares as stated in the daily quotation sheet of the SEHK on the date of grant; (ii) the average of the closing prices of the Company's shares as stated in the daily quotation sheets of the SEHK for the five trading days immediately preceding the date of grant; and (iii) the nominal value of the Company's share on the date of grant. The terms of the Scheme provide that subject to any other restrictions on vesting imposed by the Directors, share options may be exercised under the Scheme at any time from the date of acceptance until the date of expiry. All options presently outstanding under the Scheme are subject to certain restrictions on exercise including a prohibition on exercise for a certain period after the date on which any option is accepted. Share options vest progressively over the vesting period, provided that the relevant grantee remains employed by the Group. Options which lapse or are canceled prior to their expiry date are deleted from the register of options. After the adoption of the new share option scheme in 2012, no further share options were granted pursuant to the Scheme before it expired or was terminated.

On 18 June 2010, 5,400,000 share options under the Company's Scheme were granted. The average fair value of options granted as calculated by Towers Watson Hong Kong Limited, based on the binomial model, was HK$2.28 each or an aggregate value of US$1.6 million for all options granted. The assumptions used were as follows:

Share price at the date of grant (before adjusting for the effect of the Company's 2013 rights issue)	HK$5.31 per share[i]
Exercise price (before adjusting for the effect of the Company's 2013 rights issue)	HK$5.31 per share[i]
Expected volatility (based on historical volatility of the Company's shares commensurate with the average expected life of the options granted)	45%
Option life	10 years
Expected dividend yield	2.0% per annum
Average risk-free interest rate (based on the Hong Kong Exchange Fund Notes)	2.3% per annum

Taking into account the expected turnover rate of the senior executives and the early exercise behavior, the average expected life of the options granted was estimated to be around 8 years. The early exercise behavior assumes that option holders will exercise the options when the share price is at least 250% of the exercise price. No other feature of the option granted was incorporated into the measurement of fair value.

(i) HK$5.1932 after adjusting for the effect of the Company's rights issue in 2013

At the AGM held on 31 May 2012, the Company's shareholders approved a new share option scheme (the "New Scheme") under which the Directors may, at their discretion, at any time during the life of the New Scheme, grant Directors and executives of the Company's share options as part of the Company's LTIP. The New Scheme, which complies with the provisions set out in Chapter 17 of the Listing Rules, became effective on 31 May 2012. The New Scheme will be valid for 10 years and will expire on 30 May 2022.

The maximum number of shares on which options may be granted may not exceed 10% of the Company's issued share capital as at the date of approval of the New Scheme by the shareholders, which equaled to 382,827,354 shares. The maximum number of shares in respect of which options may be granted under the New Scheme to any one participant in any 12-month period is limited to 1% of the aggregate number of shares of the Company in issue at the time of the proposed grant of options to such participant.

The exercise price in relation to each share option offer shall be determined by the Directors at their absolute discretion, but in any event shall not be less than the highest of (i) the closing price of the Company's shares as stated in the daily quotation sheet of the SEHK on the date of grant; (ii) the average of the closing prices of the Company's shares as stated in the daily quotation sheets of the SEHK for the five trading days immediately preceding the date of grant; and (iii) the nominal value of the Company's share on the date of grant. The terms of the New Scheme provide that subject to any other restrictions on vesting imposed by the Directors, share options may be exercised under the New Scheme at any time from the date of acceptance until the date of expiry. Any options granted under the New Scheme are subject to certain restrictions on exercise including a prohibition on exercise for a certain period after the date on which any option is accepted. Share options vest progressively over the vesting period, provided that the relevant grantee remains employed by the Group. Options which lapse or are canceled prior to their expiry date are deleted from the register of options.

On 15 April 2016, 2,524,350 share options under the Company's New Scheme were granted. The average fair value of options granted as calculated by Towers Watson Hong Kong Limited, based on the binomial model, was HK$1.05 each or an aggregate value of US$0.3 million for all options granted. The assumptions used were as follows:

Share price at the date of grant	HK$4.95 per share
Exercise price	HK$4.972 per share
Expected volatility (based on historical volatility of the Company's shares commensurate with the average expected life of the options granted)	29%
Option life	6 years
Expected dividend yield	2.4% per annum
Average risk-free interest rate (based on the Hong Kong Exchange Fund Notes)	1.0% per annum

Taking into account the expected turnover rate of the senior executives and the early exercise behavior, the average expected life of the options granted was estimated to be around 5 years. The early exercise behavior assumes that option holders will exercise the options when the share price is at least 150% of the exercise price. No other feature of the option granted was incorporated into the measurement of fair value.

On 7 June 2017, 403,025 share options under the Company's New Scheme were granted. The average fair value of options granted as calculated by Towers Watson Hong Kong Limited, based on the binomial model, was HK$1.03 each or an aggregate value of US$0.1 million for all options granted. The assumptions used were as follows:

Share price at the date of grant	HK$5.98 per share
Exercise price	HK$6.092 per share
Expected volatility (based on historical volatility of the Company's shares commensurate with the average expected life of the options granted)	26%
Option life	4.85 years
Expected dividend yield	2.4% per annum
Average risk-free interest rate (based on the Hong Kong Exchange Fund Notes)	0.8% per annum

Taking into account the expected turnover rate of the senior executives and the early exercise behavior, the average expected life of the options granted was estimated to be around 4 years. The early exercise behavior assumes that option holders will exercise the options when the share price is at least 150% of the exercise price. No other feature of the options granted was incorporated into the measurement of fair value.

On 8 April 2019, 15,355,459 share options under the Company's New Scheme were granted. The average fair value of options granted as calculated by Towers Watson Hong Kong Limited, based on the binomial lattice model, was HK$0.51 per share or an aggregate value of US$1.0 million for all options granted. The assumptions used were as follows:

Share price at the date of grant	HK$2.86 per share
Exercise price	HK$2.87 per share
Expected volatility (based on historical volatility of the Company's shares commensurate with the average expected life of the options granted)	24%
Option life	6 years
Expected dividend yield	2.5% per annum
Average risk-free interest rate (based on the Hong Kong Exchange Fund Notes)	1.47% per annum

Taking into account the expected turnover rate of the Directors and senior executives and the early exercise behavior, the average expected life of the options granted was estimated to be around 4.5 years. The early exercise behavior assumes that option holders will exercise the options when the share price is at least 140% of the exercise price. No other feature of the options granted was incorporated into the measurement of fair value.

The binomial model, applied for determining the estimated values of the share options granted under the Scheme and the New Scheme, was developed for use in estimating the fair value of the traded options that are fully transferable. Such an option pricing model requires input of highly subjective assumptions, including the expected share price volatility. As the Company's share options have characteristics significantly different from those of the traded options, changes in the subjective input assumptions can materially affect the estimated value of the options granted.

As at the date of these financial statements, the Company had 18,282,834 share options outstanding under the Company's share option schemes, which represented approximately 0.4% of the Company's shares in issue as at that date.

Details of the Group's accounting policy in respect of the share options granted are set out in Note 2(D)(t)(III) to the Consolidated Financial Statements.

(b) Particulars of MPIC's share option scheme

There were no new share options granted under MPIC's share option scheme during the year ended 31 December 2020. All outstanding share options granted under MPIC's share option scheme in 2013 lapsed in October 2019 and MPIC's share option scheme was replaced by a restricted stock unit plan ("RSUP").

(c) Particulars of RHI's share option scheme

There were no new share options granted under RHI's share option scheme during the year ended 31 December 2020. All outstanding share options granted under RHI's share option scheme in 2014 lapsed in April 2019.

(E) MPIC's Restricted Stock Unit Plan

On 14 July 2016, the Compensation Committee of MPIC approved a RSUP as part of MPIC's LTIP. The RSUP, which has a validity period of 10 years, replaced MPIC's share option scheme. The RSUP is designed, among others, to reward the directors and certain key officers of MPIC who contribute to its growth to stay with MPIC for the long term. Under the RSUP, MPIC will purchase its common shares at its cost from the open market and reserve those treasury shares for transferring to the eligible participants as determined by MPIC's Compensation Committee. The RSUP also limits the aggregate number of shares that may be subject to award to no more than three percent of the outstanding common shares of MPIC.

On 31 January 2020, the Compensation Committee of MPIC approved a RSUP covering cycle 2019 to 2021 and a total of 31.8 million shares were granted to senior executives of the Group. MPIC shall secure exemption ruling from the Philippine SEC on the share award, which is necessary for MPIC to reacquire its common shares in the market. The fair value of the share award was determined based on the market closing price of Pesos 3.21 per share on the date of grant. One third of the awarded shares would be vested at the end of each year until full vesting by December 2021 and transferred at no cost to the eligible participants on the full vesting date.

In relation to the RSUP covering cycle 2016 to 2018, the vested shares were transferred to the grantees in June 2019.

38. Related Party Transactions

Significant related party transactions entered into by the Group during the years ended 31 December 2020 and 2019 are disclosed as follows:

(A) On 22 May 2020, ICBP entered into a conditional shares sale and purchase agreement with Pinehill Corpora and Steele Lake in relation to the acquisition of the entire issued share capital of Pinehill for a total consideration of US$2,998 million. Pinehill Corpora, which is the seller of 51% interest in Pinehill, is a consortium indirectly owned as to 49% by Mr. Anthoni Salim, the Chairman and a substantial shareholder of the Company. The transaction was approved by the Company's independent shareholders in July 2020 and completed on 27 August 2020. For details, please refer to Note 34(C) to the Consolidated Financial Statements.

At 31 December 2020, a retention payable due to Pinehill Corpora of US$331.5 million (2019: Nil) was included in the non-current portion of deferred liabilities, provisions and payables (Note 28).

(B) On 23 December 2020, MPIC, through its wholly-owned subsidiary company, Beacon PowerGen, entered into a sale and purchase agreement to sell its 56% interest in GBPC to MGen, a wholly-owned subsidiary company of Meralco and associated company of the Group, for an aggregate consideration of approximately Pesos 22.4 billion (equivalent to approximately US$466.6 million). The transaction was approved by the Company's shareholders on 2 March 2021 and is expected to be completed on 31 March 2021. For details, please refer to Note 7 to the Consolidated Financial Statements.

(C) In March 2013, MGen, through its wholly-owned subsidiary company, MPG Asia Limited ("MPG Asia"), provided a loan of US$110.0 million to FPM Power. In June 2014, MPG Asia provided an additional loan of US$3.5 million to FPM Power. The loans are unsecured, interest-free and repayable on demand. The loans of US$113.5 million (2019: US$113.5 million) remained outstanding at 31 December 2020 and were included in the current portion of deferred liabilities, provisions and payables (Note 28).

For the year ended 31 December 2019, MPG Asia made pro-rata capital injections to FPM Power of US$17.6 million. There was no change in shareholdings in FPM Power following the capital injections.

(D) At 31 December 2020, Petronas Power Sdn. Bhd. ("Petronas"), the 30% shareholder of PLP, had outstanding loans due from PLP of approximately US$67.2 million (2019: US$62.6 million), which were included in the non-current portion of deferred liabilities, provisions and payables (Note 28). The loans are unsecured, subject to a variable London Interbank Offered Rate and are payable semi-annually. The tenor for each loan shall be 10 years. For the year ended 31 December 2020, PLP accrued interest expenses of US$4.6 million (2019: US$5.1 million) to Petronas, which were capitalized as part of the outstanding loans from Petronas. At 31 December 2020, PLP had outstanding interest payable of approximately US$11,682 (2019: US$13,771) due to Petronas, which was included in accounts payable, other payables and accruals.

For the year ended 31 December 2019, Petronas made pro-rata capital injections to PLP of S$25.4 million (US$18.6 million). There was no change in shareholdings in PLP following the capital injections.

(E) FPM Power has a support service agreement with MGen with effect from 1 January 2015. Under the agreement, FPM Power shall pay MGen for its support services rendered under the agreement until terminated in writing by MGen and FPM Power.

For the year ended 31 December 2020, the fees under the above arrangement amounted to US$1.0 million (2019: US$1.0 million). At 31 December 2020, FPM Power had outstanding service fees payable of US$0.4 million (2019: US$0.3 million) to MGen, which was included in accounts payable, other payables and accruals.

(F) On 1 March 2018, First Pacific Investment Management Limited ("FPIML"), a wholly-owned subsidiary company of the Company, entered into an advisory services agreement with Smart. The agreement is for a period of one year subject to a 12-month automatic renewal unless either party notifies the other party of its intent not to renew the agreement. FPIML provides advisory and related services in connection with the operation of Smart's business of providing mobile communications services, high-speed internet connectivity, and access to digital services and content. The agreement provides that Smart shall pay a monthly service fee of US$0.25 million and any additional fee shall be mutually agreed upon by both parties on a monthly basis. On 26 March 2020, Smart and FPIML mutually agreed to reduce the monthly service fee to US$0.1 million from US$0.25 million in consideration of the services provided under this agreement, effective 1 April 2020. The fees under this agreement amounted to US$1.65 million for the year ended 31 December 2020 (2019: US$3.0 million). At 31 December 2020, FPIML had outstanding receivable of US$0.2 million (2019: Nil) from Smart under this agreement.

(G) In December 2014, Asia Link B.V. ("ALBV"), a wholly-owned subsidiary company of the Company, entered into a subscription agreement with SMECI, a wholly-owned subsidiary company of Philex, in respect of the subscription for the SMECI's notes with a principal amount of Pesos 5.04 billion (US$105.0 million) (out of the total Pesos 7.2 billion (US$149.9 million) SMECI's notes), principally for financing capital expenditure of the Silangan project and repaying the advances from Philex. The SMECI's notes bear interest at a coupon rate of 1.5%, payable semi-annually every 18 June and 18 December and has a maturity of 8 years. A redemption premium, payable at a rate of 3% per annum, retroactively from the issue date and compounded semi-annually, will apply upon the maturity of the SMECI's notes. During the year ended 31 December 2020, ALBV accrued interest income of US$5.2 million (2019: US$4.8 million) on these notes. At 31 December 2020, ALBV had outstanding interest receivable of approximately US$56,847 (2019: US$53,915) due from SMECI.

(H) On 27 June 2017, MPIC acquired from PCEV, a subsidiary company of PLDT, the remaining 25% interest in Beacon Electric's common and preferred shares at a consideration of Pesos 21.8 billion (US$435.6 million), of which Pesos 12.0 billion (US$239.8 million) was settled in cash upfront and Pesos 7.35 billion (US$143.9 million) was settled up to December 2020. The outstanding payable of Pesos 2.45 billion (US$51.0 million) (with a present value of US$49.7 million) at 31 December 2020 was included in the current portion of deferred liabilities, provisions and payables (Note 28) and will be due in June 2021.

On 30 May 2016, MPIC acquired from PCEV, a 25% interest in Beacon Electric's common shares and preferred shares at a total consideration of Pesos 26.2 billion (US$549.6 million), of which Pesos 17.0 billion (US$356.6 million) was settled in cash upfront and the remaining Pesos 9.2 billion (US$181.7 million) was fully settled in June 2020.

(I) In September 2020, Mr. Manuel V. Pangilinan, who is the Managing Director and Chief Executive Officer of the Company, subscribed US$1,000,000 of bonds due 2027 issued by FPC Resources Limited, a wholly-owned subsidiary company of the Company. At 31 December 2020, Mr. Pangilinan owned US$1,000,000 of bonds due 2027 and earned interest income of US$13,490 from these bonds for the period from 11 September 2020 to 31 December 2020.

(J) Under certain framework agreements, Indofood has engaged in trade transactions in the ordinary course of business with certain of its associated companies, joint ventures and affiliated companies which are related to the Salim Family either through its control or joint control. Mr. Anthoni Salim is the Chairman and a substantial shareholder of the Company and is the President Director and Chief Executive Officer of Indofood.

All significant transactions with related parties, whether or not conducted under normal terms and conditions similar to those with non-related parties, are disclosed as follows:

Nature of Transactions

For the year ended 31 December US$ millions	2020	2019
Income Statement Items		
Sales of finished goods		
– to affiliated companies	**564.0**	575.3
Purchases of raw materials and finished goods		
– from a joint venture	**19.2**	9.6
– from affiliated companies	**2.2**	3.0
Outsourcing expenses		
– to affiliated companies	**27.6**	27.3
Insurance expenses		
– to affiliated companies	**10.5**	11.1
Rental expenses		
– to affiliated companies	**–**(i)	0.9
Pump services expenses		
– to affiliated companies	**0.5**	0.5
Royalty and technical income		
– from affiliated companies	**16.1**	22.4
Rental income		
– from affiliated companies	**1.5**	1.8

(i) Indofood no longer records the lease arrangement with affiliated companies as rental expenses upon the renewal of lease contracts for three years from 1 January 2020 to 31 December 2022 under HKFRS 16 "Leases". For the year ended 31 December 2020, Indofood made lease payments of US$0.4 million to affiliated companies for the settlement of lease liabilities recognized.

Approximately 10% (2019: 11%) of Indofood's sales and 0.6% (2019: 0.3%) of its purchases were transacted with these related parties.

Nature of Balances

At 31 December US$ millions	2020	2019
Statement of Financial Position Items		
Accounts receivable – trade		
– from affiliated companies	**78.9**	91.9
Accounts receivable – non-trade		
– from an associated company	**27.6**	–
– from affiliated companies	**15.1**	16.3
Accounts payable – trade		
– to an associated company	**0.4**	5.2
– to affiliated companies	**5.2**	5.5
Accounts payable – non-trade		
– to affiliated companies	**36.6**	36.7

Certain of the above Indofood's related party transactions also constitute continuing connected transactions as defined in Chapter 14A of the Listing Rules and their details are disclosed in the Corporate Governance Report on pages 70 to 79.

(K) In March 2018, Maynilad, a subsidiary company of MPIC, renewed the framework agreement with D.M. Consunji, Inc. ("Consunji"), a subsidiary company of DMCI Holdings, Inc. (a 27.2% shareholder of Maynilad Water Holding Company, Inc., Maynilad's parent company) for the period from 1 January 2018 to 31 December 2020 on substantially the same terms as the previous framework agreement in relation to the provision of engineering, procurement and/or construction services by Consunji to Maynilad. In October 2019, the estimated annual caps for years 2019 and 2020 under the aforesaid framework agreement were revised due to existing pressure to accelerate water and wastewater infrastructure projects in the Philippines, particularly, after the widespread water service interruptions and near-drought conditions and historically low water levels at the primary water source, which conditions are anticipated to occur more frequently because of climate change. In February 2021, the framework agreement was further renewed for the period from 19 February 2021 to 31 December 2023.

All significant transactions with Consunji, whether or not conducted under normal terms and conditions similar to those with non-related parties, are disclosed as follows:

Nature of Transactions

For the year ended 31 December US$ millions	**2020**	2019
Capital Expenditure Item		
Construction services for water infrastructure	**100.8**	126.6

(L) In January 2020, NLEX Corporation, a subsidiary company of MPIC, entered into a construction contract with Consunji pursuant to which Consunji has agreed to construct and complete the civil works for Section 1 of the Connector Road in the Philippines, which covers the construction of a 4-lane carriageway and two interchanges located at C3 Road/5th Avenue, Caloocan City and España in Manila.

All significant transactions with Consunji, whether or not conducted under normal terms and conditions similar to those with non-related parties, are disclosed as follows:

Nature of Transactions

For the year ended 31 December US$ millions	**2020**	2019
Capital Expenditure Item		
Construction services	**155.0**	–

(M) MPIC, RHI and their subsidiary companies were charged for electricity expenses by Meralco, an associated company of the Group.

All significant transactions with Meralco, whether or not conducted under normal terms and conditions similar to those with non-related parties, are disclosed as follows:

Nature of Transactions

For the year ended 31 December US$ millions	**2020**	2019
Income Statement Item		
Electricity expenses	**21.0**	32.0

Nature of Balances

At 31 December US$ millions	**2020**	2019
Statement of Financial Position Item		
Accounts payable – trade	**2.5**	1.6

(N) MPIC, RHI and their subsidiary companies were charged for voice and data services provided by PLDT, an associated company of the Group.

All significant transactions with PLDT, whether or not conducted under normal terms and conditions similar to those with non-related parties, are disclosed as follows:

Nature of Transactions

For the year ended 31 December US$ millions	**2020**	2019
Income Statement Item		
Voice and data service expenses	**1.6**	1.8

Nature of Balances

At 31 December US$ millions	**2020**	2019
Statement of Financial Position Item		
Accounts payable – trade	**1.9**	2.3

(O) MPIC and its subsidiary companies had the following transactions with Indra Philippines Inc. ("Indra"), an associated company of the Group.

All significant transactions with Indra, whether or not conducted under normal terms and conditions similar to those with non-related parties, are disclosed as follows:

Nature of Transactions

For the year ended 31 December US$ millions	**2020**	2019
Income Statement Item		
Information technology management and consultancy service expenses	**7.7**	6.6

Nature of Balances

At 31 December US$ millions	**2020**	2019
Statement of Financial Position Item		
Accounts payable – trade	**–**	0.1

(P) MPIC and its subsidiary companies had the following balance with Landco Pacific Corporation ("Landco"), a joint venture of the Group.

All significant transactions with Landco, whether or not conducted under normal terms and conditions similar to those with non-related parties, are disclosed as follows:

Nature of Balances

At 31 December US$ millions	2020	2019
Statement of Financial Position Item		
Amounts due from associated companies and joint ventures	**53.6**	50.8
Less: Impairment provisions	**(53.6)**	(30.2)
	–	20.6

During the year ended 31 December 2020, the Group recognized an additional impairment loss of US$21.1 million (2019: Nil) to fully write down the amount due from Landco by reference to a discounted cash flow model.

(Q) MPIC and its subsidiary companies had the following balance with Alsons Thermal Energy Corporation ("ATEC"), an associated company of the Group.

All significant transactions with ATEC, whether or not conducted under normal terms and conditions similar to those with non-related parties, are disclosed as follows:

Nature of Balances

At 31 December US$ millions	2020	2019
Statement of Financial Position Item		
Amounts due from associated companies and joint ventures	**39.1** (i)	37.1

(i) Following the classification of GBPC as a disposal group held for sale in December 2020, the amount is included under assets held for sale.

(R) GBPC sold electricity to Meralco, an associated company of the Group.

All significant transactions with Meralco, whether or not conducted under normal terms and conditions similar to those with non-related parties, are disclosed as follows:

Nature of Transactions

For the year ended 31 December US$ millions	2020	2019
Income Statement Item		
Sale of electricity	**36.7**	34.6

Nature of Balances

At 31 December US$ millions	2020	2019
Statement of Financial Position Item		
Accounts receivable – trade	**8.9** (ii)	6.7

(ii) Following the classification of GBPC as a disposal group held for sale in December 2020, the amount is included under assets held for sale.

(S) On 26 March 2019, ICBP entered into a share sale and purchase agreement with JC Comsa Corporation ("JCC") in relation to the acquisition of JCC's 35% interest in PT Indofood Comsa Sukses Makmur ("ICSM"), a subsidiary company of ICBP, at a total consideration of Rupiah 8.6 billion (US$0.6 million). As a result, ICBP's interest in ICSM increased to 86% from 51%.

(T) FPIML had a service agreement with Goodman Fielder for FPIML to provide Goodman Fielder with management, advisory and financial services with effect from 17 March 2015 and subject to an annual review on the terms and conditions between the parties. The agreement was terminated on 30 April 2019.

For the period ended 30 April 2019, the fees under the above arrangement amounted to Australian dollar 0.2 million (US$0.1 million).

(U) During the period ended 30 June 2019, Ambassador Albert F. del Rosario, who was a Non-executive Director of the Company up till 1 July 2019, earned interest income of US$5,750 on bonds of US$200,000 due 2025 issued by FPC Capital Limited, a wholly-owned subsidiary company of the Company, on 30 May 2018.

(V) Disclosures pursuant to Chapter 14A.72 of the Listing Rules:

(I) Related party transactions numbered (A), (B), (H), (J), (K) and (L) are connected transactions, or continuing connected transactions, under Chapter 14A of the Listing Rules. The Company has complied with the disclosure requirements for such connected transactions, or continuing connected transactions, in accordance with Chapter 14A of the Listing Rules.

(II) Related party transactions numbered (C), (D), (E), (F), (I), (M), (N), (R), (S) and (U) are connected transactions, or continuing connected transactions, under Chapter 14A of the Listing Rules, but are fully exempted from all disclosure requirements.

(III) Related party transactions numbered (G), (O), (P), (Q) and (T) are not connected transactions, or continuing connected transactions, under Chapter 14A of the Listing Rules.

39. Financial Instruments

(A) Financial Instruments by Category

(a) Financial assets

The following table summarizes the Group's financial assets at the end of the reporting period:

	2020				2019			
US$ millions	**Financial assets at amortized cost**	**Financial assets at FVOCI**	**Derivative instruments**[i]	**Total**	Financial assets at amortized cost	Financial assets at FVOCI	Derivative instruments[i]	Total
Accounts and other receivables (Non-current)	**52.2**	**–**	**1.8**	**54.0**	28.6	–	0.3	28.9
Financial assets at FVOCI (Non-current)	**–**	**426.0**	**–**	**426.0**	–	385.9	–	385.9
Other non-current assets	**110.9**	**–**	**–**	**110.9**	112.4	–	–	112.4
Cash and cash equivalents and short-term deposits	**2,377.8**	**–**	**–**	**2,377.8**	2,846.4	–	–	2,846.4
Restricted cash	**50.2**	**–**	**–**	**50.2**	106.0	–	–	106.0
Financial assets at FVOCI (Current)	**–**	**3.3**	**–**	**3.3**	–	9.9	–	9.9
Accounts and other receivables (Current)	**837.0**	**–**	**6.0**	**843.0**	817.3	–	7.5	824.8
Total	**3,428.1**	**429.3**	**7.8**	**3,865.2**	3,910.7	395.8	7.8	4,314.3

(i) Represents derivative assets designated as hedging instruments

(b) Financial liabilities

The following table summarizes the Group's financial liabilities at the end of the reporting period:

US$ millions	2020 Financial liabilities at amortized cost	2020 Financial liabilities at FVPL	2020 Derivative instruments(i)	2020 Total	2019 Financial liabilities at amortized cost	2019 Derivative instruments(i)	2019 Total
Accounts payable, other payables and accruals	**1,348.2**	**–**	**–**	**1,348.2**	1,353.2	–	1,353.2
Short-term borrowings	**1,659.7**	**–**	**–**	**1,659.7**	2,262.8	–	2,262.8
Current portion of deferred liabilities, provisions and payables	**395.3**	**–**	**10.5**	**405.8**	300.5	2.8	303.3
Long-term borrowings	**8,973.9**	**–**	**–**	**8,973.9**	6,668.0	–	6,668.0
Deferred liabilities, provisions and payables (Non-current)	**739.7**	**650.0**	**2.9**	**1,392.6**	804.8	2.1	806.9
Total	**13,116.8**	**650.0**	**13.4**	**13,780.2**	11,389.3	4.9	11,394.2

(i) Represents derivative liabilities designated as hedging instruments

(B) Fair Values of Financial Instruments

The fair values of the financial assets and liabilities are determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following methods and assumptions were used to estimate the fair value of each class of financial instruments:

- Fair values of cash and cash equivalents and short-term deposits, restricted cash, current accounts and other receivables, accounts payable, other payables and accruals, short-term borrowings and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

- Fair values of non-current accounts and other receivables and other non-current assets are evaluated based on the discounted values of the expected future cash flows using the prevailing market rates for similar types of assets.

- Fair values of listed investments included in financial assets at FVOCI are derived from quoted market prices in active markets.

- Fair values of unlisted investments included in financial assets at FVOCI are measured by discounted cash flow models, by reference to the most recent transaction prices, market comparable companies or valuations of the underlying assets supplied by independent sources.

- Long-term borrowings with fixed interest rates and other non-current financial liabilities are evaluated based on the discounted value of the expected future cash flows using the prevailing market rates for similar types of liabilities. Fair values of long-term borrowings with variable interest rates approximate their carrying amounts because of regular repricing based on market conditions. Fair values of listed bonds are derived from quoted market prices in active markets.

- Derivative assets/liabilities in respect of derivative financial instruments, such as foreign exchange forward contracts, fuel swaps, electricity futures and interest rate swaps, are valued using valuation techniques with market observable inputs. The most frequently applied valuation techniques include the use of present value calculations of future cash flows by reference to current forward exchange rates and fuel prices for contracts with similar maturity profiles and market values for similar instruments with similar maturity profiles.

The following table shows a comparison between the carrying amounts and fair values of the Group's financial instruments with carrying amounts not equal or reasonably approximating their fair values at the end of the reporting period. The Group's financial instruments with carrying amounts equal or reasonably approximating their fair values at 31 December 2020 and 2019 and lease liabilities are not included in this table.

US$ millions	**2020** Carrying amount	**2020** Fair value	2019 Carrying amount	2019 Fair value
Financial Liabilities				
Long-term borrowings	**8,973.9**	**9,676.0**	6,668.0	6,758.1
Deferred liabilities, provisions and payables				
(Non-current) (other than lease liabilities)	**682.1**	**736.1**	759.9	811.0
Total	**9,656.0**	**10,412.1**	7,427.9	7,569.1

(C) Fair Value Hierarchy

The Group uses the following hierarchy for determining and disclosing the fair values of financial instruments:

- Level 1: fair values measured based on quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: fair values measured based on valuation techniques for which all inputs which have a significant effect on the recorded fair values are observable, either directly or indirectly
- Level 3: fair values measured based on valuation techniques for which any inputs which have a significant effect on the recorded fair values that are not based on observable market data (unobservable inputs)

The Group held the following financial instruments measured at fair value at the end of the reporting period:

US$ millions	**2020** Level 1	**2020** Level 2	**2020** Level 3	**2020** Total	2019 Level 1	2019 Level 2	2019 Level 3	2019 Total
Financial assets at FVOCI								
– Listed equity investments	**276.9**	**–**	**–**	**276.9**	251.0	–	–	251.0
– Listed debentures	**–**	**–**	**–**	**–**	3.2	–	–	3.2
– Unlisted investments	**–**	**133.2**	**19.2**	**152.4**	–	125.8	15.8	141.6
Derivative assets(i)	**0.6**	**7.2**	**–**	**7.8**	0.7	7.1	–	7.8
Derivative liabilities(ii)	**–**	**(13.4)**	**–**	**(13.4)**	–	(4.9)	–	(4.9)
Financial liabilities at FVPL(ii)	**–**	**–**	**(650.0)**	**(650.0)**	–	–	–	–
Net Amount	**277.5**	**127.0**	**(630.8)**	**(226.3)**	254.9	128.0	15.8	398.7

(i) Included within accounts receivable, other receivables and prepayments
(ii) Included within deferred liabilities, provisions and payables

The fair values of unlisted investments, derivative assets and derivative liabilities in Level 2 are measured by reference to the most recent transaction prices, valuation of the underlying assets supported by independent sources and using the discounted cash flow models as described in Note 39(B) to the Consolidated Financial Statements, respectively.

The fair values of certain unlisted equity investments included in unlisted investments in the above table are categorized within Level 3 and are determined using the EBITDA multiple of comparable listed companies adjusted for lack of marketability discount up to 30% (2019: 30%) and adjusted for the net debt of the investee, if applicable. The movements during the year are as follows:

Unlisted equity investments US$ millions	**2020**	2019
At 1 January	**15.8**	16.2
Changes in fair value	**2.5**	(1.1)
Exchange translation	**0.9**	0.7
At 31 December	**19.2**	15.8

The fair value of financial liabilities at FVPL categorized within Level 3 are determined based on the present value of the expected payment under a discounted cash flow method. There is no other movement in the balance during the year.

For financial instruments that are recognized at fair value on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. During the years ended 31 December 2020 and 2019, there were no transfers of fair value measurements among Level 1, Level 2 and Level 3.

40. Capital and Financial Risk Management

(A) Capital Management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to ensure that it maintains an optimal capital structure for supporting the stability and growth of its business and maximizing shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the distribution payment to shareholders, return capital to shareholders, repurchase shares or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2020 and 2019.

The Group monitors capital using a gearing ratio. The Group's policy is to keep the gearing ratio at an optimal level which supports its business. The Group's net debt includes short-term borrowings and long-term borrowings, less cash and cash equivalents and short-term deposits, and restricted cash. The total equity includes equity attributable to owners of the parent and non-controlling interests.

US$ millions	**2020**	2019
Short-term borrowings	**1,659.7**	2,262.8
Long-term borrowings	**8,973.9**	6,668.0
Less: Cash and cash equivalents and short-term deposits	**(2,377.8)**	(2,846.4)
Less: Restricted cash	**(50.2)**	(106.0)
Net debt	**8,205.6**	5,978.4
Equity attributable to owners of the parent	**3,140.0**	2,928.7
Non-controlling interests	**7,488.5**	5,829.3
Total equity	**10,628.5**	8,758.0
Gearing ratio (times)	**0.77**	0.68

(B) Financial Risk Management

The Group's principal financial instruments include various financial assets (which comprise accounts receivable, other receivables, financial assets at FVOCI, cash and cash equivalents and short-term deposits, and restricted cash) and financial liabilities (which comprise accounts payable, other payables and accruals, short-term borrowings, long-term borrowings, and deferred liabilities and provisions). The main purpose of the cash and cash equivalents and short-term deposits, and short-term and long-term borrowings is to finance the Group's operations and investments. The other financial assets and liabilities, such as accounts receivable and accounts payable, mainly arise directly from its operations.

The Group also issues fixed interest rate bonds, arranges borrowings in local currencies and enters into derivative transactions, including principally fuel swaps, foreign currency forwards, interest rate swaps and electricity futures. The purpose is to manage the price, currency and interest rate risks arising from the Group's operations, investments and its sources of finance.

The fuel swaps are used to manage the risk arising from fluctuations in fuel costs. Under the fuel swaps, the Group agrees with other parties or clears through Intercontinental Exchange to exchange, at specified intervals, the difference between fixed rate and floating rate amounts calculated by reference to the agreed notional purchase quantity. The fair value of fuel swaps is calculated by reference to current forward fuel prices for contracts with similar maturity profiles.

The foreign currency forwards are used to manage the risk arising from fluctuations in foreign exchange rates. Under the foreign currency forwards, the Group contracts with other parties to exchange at the maturity date the foreign currency amounts at the agreed exchange rates. The terms of the foreign currency forwards have been negotiated based on the expected highly probable forecast transactions. If changes in circumstances affect the terms of the hedged item such that the critical terms no longer match exactly with the critical terms of the hedging instrument, the Group will assess the ineffectiveness. The hedge ratio is determined to be 1:1. The fair value of foreign currency forwards is calculated by reference to current forward exchange rates for contracts with similar maturity profiles.

The interest rate swaps are used to manage the risk arising from fluctuations in interest rates. Under the interest rate swaps, the Group agrees with other parties to exchange at the maturity date the difference between the fixed interest rate and floating interest rate of the notional amount. The Group determines the economic relationship between the borrowings and the derivatives by matching the critical terms of the hedging instruments with the terms of the hedged items. There were no expected sources of ineffectiveness as the critical terms of the interest rate swaps match exactly with the terms of the hedged items. The fair value of interest rate swap contracts is determined by reference to forward interest rates for similar instruments with similar maturity profiles.

The electricity futures are used to manage the risk arising from fluctuations in prices of electricity. Under the electricity futures, the Group clears through SGX to exchange, at the maturity date the difference between the fixed rate and floating rate of electricity prices on the notional quantity. The fair value of electricity futures is calculated by reference to Uniform Singapore Energy Price monthly or quarterly base load electricity futures prices quoted on SGX.

The Group applies hedge accounting for those contracts which qualify as effective hedges. For the purpose of hedge accounting, these hedges are classified as cash flow hedges, as the contracts are used to hedge exposure to variability of cash flows that is either attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction.

Following the decision by global regulators to phase out the existing interest rate benchmarks and replace them with alternative RFRs, the Group is evaluating the impact on its existing hedge relationships. The Group has adopted the temporary reliefs provided by the amendments to HKAS 39, HKFRS 7 and HKFRS 9 which enable the hedge accounting of the Group to continue during the period of uncertainty, which is before the replacement of an existing interest rate benchmark with an alternative RFR.

The table below indicates the notional amount and maturity of derivatives in hedging relationships that may be affected by the interest rate benchmark reform, analysed by interest rate benchmarks. The derivative hedging instruments provide a close approximation to the extent of the risk exposure that the Group manages through hedging relationships.

	2020	
US$ millions	**Notional amount**	**Maturity**
Interest rate swaps:		
United States dollar LIBOR	**130.0**	**2024**

Details of the fair value of the Group's fuel swaps, foreign currency forwards, electricity futures and interest rate swaps at the end of the reporting period are set out below:

	2020		2019	
US$ millions	**Assets**	**Liabilities**	Assets	Liabilities
Cash flow hedges				
– Fuel swaps	**7.1**	**4.5**	7.0	1.9
– Foreign currency forwards	**0.1**	**5.9**	0.1	3.0
– Electricity futures	**0.6**	**–**	0.7	–
– Interest rate swaps	**–**	**3.0**	–	–
Total	**7.8**	**13.4**	7.8	4.9
Presented as:				
Non-current portion	**1.8**	**2.9**	0.3	2.1
Current portion	**6.0**	**10.5**	7.5	2.8
Total	**7.8**	**13.4**	7.8	4.9

The notional amount of the Group's fuel swaps, foreign currency forwards, electricity futures and interest rate swaps at the end of the reporting period are set out below:

US$ millions	**2020**	2019
Cash flow hedges		
– Fuel swaps	**242.0**	180.6
– Foreign currency forwards	**171.9**	232.3
– Electricity futures	**7.3**	14.3
– Interest rate swaps	**130.0**	–
Total	**551.2**	427.2
Presented as:		
Non-current portion	**182.0**	97.5
Current portion	**369.2**	329.7
Total	**551.2**	427.2

The movements of the Group's unrealized gains/losses on cash flow hedges attributable to owners of the parent in relation to the above derivative financial instruments are disclosed in Note 33. The Group's accounting policies in relation to derivatives are set out in Note 2(D)(m) to the Consolidated Financial Statements.

The main risks arising from the Group's financial instruments are market risk (including currency risk and price risk), credit risk, liquidity risk and fair value and cash flow interest rate risks. The Company's Board of Directors reviews and agrees policies for managing each of these risks and they are summarized below:

(a) Market risk

(I) Currency risk

To manage the Group's foreign exchange risk arising from future commercial transactions, recognized assets and liabilities, and to improve investment and cash flow planning, in addition to natural hedges, the Group enters into and engages in foreign exchange contracts for the purpose of managing its foreign exchange rate exposures emanating from business, transaction specific, as well as currency translation risks and reducing and/or managing the adverse impact of changes in foreign exchange rates on the Group's operating results and cash flows.

The following table summarizes the Group's exposure at the end of the reporting period to currency risk arising from recognized financial assets and liabilities denominated in a currency different from the functional currencies of the Group's subsidiary companies.

US$ millions	**2020**	2019
Accounts receivable and other receivables	**80.1**	88.6
Cash and cash equivalents and short-term deposits	**542.3**	486.9
Short-term borrowings and long-term borrowings	**(2,568.9)**	(265.3)
Accounts payable, other payables and accruals	**(16.8)**	(95.4)
Deferred liabilities, provisions and payables	**(800.3)**	(63.7)
Net Amount	**(2,763.6)**	151.1

The following table demonstrates the sensitivity arising from the Group's financial assets and liabilities as listed above to a reasonably possible change in the exchange rates of the Rupiah, Peso and S$, with all other variables held constant, of the Group's profit/loss attributable to owners of the parent and retained earnings. There is no significant impact on the other components of the Group's equity.

	2020			2019		
US$ millions	**Depreciation against the U.S. dollar (%)**	**Decrease in profit attributable to owners of the parent**	**Decrease in retained earnings**	Depreciation against the U.S. dollar (%)	Decrease/ (increase) in loss attributable to owners of the parent	Increase/ (decrease) in retained earnings
Rupiah	**(2.7)**	**(25.8)**	**(25.8)**	(4.6)	3.2	3.2
Peso	**(4.0)**	**(3.3)**	**(3.3)**	(2.1)	(0.9)	(0.9)
S$	**(2.4)**	**(1.1)**	**(1.1)**	(1.3)	(0.3)	(0.3)

(II) Price risk

The Group is primarily exposed to securities price risk which principally relates to the changes in the market value of its listed equity investments, which include the Group's investments in principal operating subsidiary and associated companies in the Philippines, Indonesia and Singapore and the other listed equity investments held by the Group and classified as financial assets at FVOCI on the Group's consolidated statement of financial position.

In addition, the Group is also exposed to commodity price risk for its consumer food products and power businesses due to certain factors, such as weather, government policies, level of demand and supply in the market and the global economic environment. Such exposure mainly arises from its purchases of wheat flour, cooking oil, skim milk powder and CPO (which are the main raw materials used to produce consumer food products) and the usage of fuel in the generation of energy where the profit margins on the sales of its consumer food products and electricity may be affected if the costs of wheat flour, cooking oil, skim milk powder and CPO, and fuel increase and the Group is unable to pass on such cost increases to its customers, and the selling price of electricity supplied to the merchant market by its power generation business, respectively.

The Group's policy is to minimize the risks of its raw material costs arising from the fluctuations in the commodity prices by maintaining an optimum inventory level of wheat flour, cooking oil and skim milk powder for a continuous production and increasing self-sufficiency in the supply of CPO for the refinery operations (through the purchase of CPO from the Group's own plantations). In addition, the Group may seek to mitigate its risks by periodically adjusting the prices of the consumer food products. For the years ended 31 December 2020 and 2019, no hedging in the said commodity price risk have been undertaken.

The Group has entered into fuel swap contracts that for its power generation business oblige it to make payments for fuel at fixed prices on an agreed notional purchase quantity and receive payments for fuel at floating prices on the same amounts.

The Group has entered into electricity futures that oblige it to make or receive payments for electricity futures at fixed rates of electricity prices on a notional quantity and receive or make payments for electricity futures at floating rates of electricity prices on the same quantity.

At 31 December 2020, if the fuel and electricity prices increased/decreased by 10% (2019: 10%), the Group's unrealized cash flow hedge reserve and equity attributable to owners of the parent would have been US$6.1 million (2019: US$8.4 million) higher/lower, with all other variables being held constant.

(b) Credit risk

For the consumer food products business, the Group has credit risk arising from the credit given to the customers, but it has policies in place to ensure that wholesales of products are made to creditworthy customers with an appropriate credit history. The Group has policies that limit the amount of credit exposure to any particular customer, such as requiring sub-distributors to provide bank guarantees. For the water distribution business, the Group generally allows seven to 60 days of credit for its water and sewerage service customers, and 45 to 60 days of credit for its bulk water supply customers. In addition, receivable balances are monitored on an ongoing basis to reduce the Group's exposure to bad debts. For the power generation business, the Group generally allows 15 to 30 days of credit to its customers. PLP also requires deposits and/or guarantees from creditworthy financial institutions to secure substantial obligations of its customers.

Maximum exposure and year-end staging:

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 December. The amounts presented are gross carrying amounts for financial assets and the exposure to credit risk for the financial guarantee contracts.

	12-month ECLs	Lifetime ECLs			
US$ millions	Stage 1	Stage 2	Stage 3	Simplified approach	**2020 Total**
Debt investments at FVOCI					
– Not yet past due	129.4	–	–	–	**129.4**
Accounts receivable[(i)]	–	–	–	721.4	**721.4**
Contract assets[(i)]	–	–	–	21.9	**21.9**
Financial assets included in other receivables and other non-current assets					
– Not yet past due	320.4	–	–	–	**320.4**
Restricted cash					
– Not yet past due	50.2	–	–	–	**50.2**
Cash and cash equivalents and short-term deposits					
– Not yet past due	2,377.8	–	–	–	**2,377.8**
Guarantees for planation farmers' loan facilities					
– Not yet past due	30.8	–	–	–	**30.8**
Total	**2,908.6**	**–**	**–**	**743.3**	**3,651.9**

(i) For accounts receivable and contract assets to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in Note 17 to the Consolidated Financial Statements.

US$ millions	12-month ECLs Stage 1	Lifetime ECLs Stage 2	Lifetime ECLs Stage 3	Lifetime ECLs Simplified approach	2019 Total
Debt investments at FVOCI					
– Not yet past due	121.5	–	–	–	121.5
Accounts receivable(i)	–	–	–	684.3	684.3
Contract assets(i)	–	–	–	24.2	24.2
Financial assets included in other receivables and other non-current assets					
– Not yet past due	315.4	–	–	–	315.4
Restricted cash					
– Not yet past due	106.0	–	–	–	106.0
Cash and cash equivalents and short-term deposits					
– Not yet past due	2,846.4	–	–	–	2,846.4
Guarantees for planation farmers' loan facilities					
– Not yet past due	41.3	–	–	–	41.3
Total	3,430.6	–	–	708.5	4,139.1

(i) For accounts receivable and contract assets to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in Note 17 to the Consolidated Financial Statements.

(c) Liquidity risk

The Group manages its liquidity profile to be able to finance its capital expenditure and service its maturing debts by maintaining sufficient cash and marketable securities, and the availability of funding through an adequate amount of committed credit facilities.

The Group regularly evaluates its projected and actual cash flow information and continuously assesses conditions in the financial markets for opportunities to pursue fund-raising initiatives. These initiatives may include bank loans, debt capital and equity capital issues.

The maturity profile of the Group's financial liabilities based on the contractual undiscounted payments, including future interest payments, and contingent liabilities in terms of guarantees given at the end of the reporting period, is as follows:

	Accounts payable, other payables and accruals		Borrowings		Deferred liabilities and provisions (other than lease liabilities)		Lease liabilities		Guarantees for plantation farmers' loan facilities		Total	
US$ millions	**2020**	2019	**2020**	2019	**2020**	2019	**2020**	2019	**2020**	2019	**2020**	2019
Not exceeding one year	**1,348.2**	1,353.2	**1,852.8**	2,641.5	**394.7**	354.4	**18.3**	17.9	**2.9**	3.9	**3,616.9**	4,370.9
More than one year but not exceeding two years	**–**	–	**1,068.7**	960.5	**775.2**	141.3	**14.0**	12.5	**3.6**	4.8	**1,861.5**	1,119.1
More than two years but not exceeding five years	**–**	–	**4,532.9**	3,144.2	**241.2**	376.4	**23.7**	21.2	**14.8**	19.9	**4,812.6**	3,561.7
More than five years	**–**	–	**4,106.8**	3,703.0	**379.1**	418.9	**28.7**	20.4	**9.5**	12.7	**4,524.1**	4,155.0
Total	**1,348.2**	1,353.2	**11,561.2**	10,449.2	**1,790.2**	1,291.0	**84.7**	72.0	**30.8**	41.3	**14,815.1**	13,206.7

(d) Fair value and cash flow interest rate risks

The Group's interest rate risk arises from interest-bearing borrowings, cash and cash equivalents and short-term deposits, and restricted cash. Borrowings and cash and cash equivalents with variable interest rate terms expose the Group to cash flow interest rate risk. Borrowings with fixed interest rate terms expose the Group to fair value interest rate risk. At 31 December 2020, 52.6% (2019: 64.6%) of the Group's borrowings were effectively at fixed interest rates.

The following table demonstrates the sensitivity arising from the Group's financial assets and liabilities at the end of the reporting period to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit/loss attributable to owners of the parent and retained earnings (through the impact on variable rate borrowings and cash and cash equivalents). There is no significant impact on the other components of the Group's equity. The assumed basis point increase or decrease represents management's assessment of a reasonably possible change in those interest rates of which the Group is mainly exposed to, namely, the U.S. dollar, Rupiah, Peso and S$ interest rates, over the period until the ending date of the next annual reporting period.

	2020			2019		
US$ millions	**Increase/ (decrease) (Basis points)**	**(Decrease)/ increase in profit attributable to owners of the parent**	**(Decrease)/ increase in retained earnings**	Decrease (Basis points)	Decrease/ (increase) in loss attributable to owners of the parent	Increase/ (decrease) in retained earnings
Interest rates for						
– U.S. dollar	**5**	**(0.5)**	**(0.5)**	(100)	4.2	4.2
– Rupiah	**(25)**	**0.7**	**0.7**	(50)	0.8	0.8
– Peso	**50**	**1.2**	**1.2**	(75)	(3.1)	(3.1)
– S$	**5**	**(0.1)**	**(0.1)**	(50)	1.2	1.2

41. Statement of Financial Position of the Company

The Company's statement of financial position is as follows:

At 31 December US$ millions	2020	2019
Non-current Assets		
Subsidiary companies	**189.7**	190.1
Financial assets at FVOCI	**1.1**	–
	190.8	190.1
Current Assets		
Cash and cash equivalents	**99.4**	312.2
Amounts due from subsidiary companies	**2,831.7**	2,924.1
Other receivables and prepayments	**1.6**	0.3
	2,932.7	3,236.6
Current Liabilities		
Amounts due to subsidiary companies	**82.9**	288.2
Other payables and accruals	**3.3**	3.4
	86.2	291.6
Net Current Assets	**2,846.5**	2,945.0
Total Assets Less Current Liabilities	**3,037.3**	3,135.1
Equity		
Issued share capital	**43.4**	43.4
Shares held for share award scheme	**(2.4)**	(3.2)
Accumulated losses	**(106.7)**	(66.3)
Other components of equity[i]	**1,686.9**	1,766.1
Equity attributable to owners of the parent	**1,621.2**	1,740.0
Non-current Liabilities		
Loans from subsidiary companies	**1,414.3**	1,394.6
Other payables	**1.8**	0.5
	1,416.1	1,395.1
	3,037.3	3,135.1

(i) The Company's other components of equity comprise share premium, employee share-based compensation reserve, fair value reserve of financial assets at FVOCI and contributed surplus (Note 31).

The Company's statement of changes in equity is as follows:

US$ millions	Issued share capital	Shares held for share award scheme	Share premium	Employee share-based compensation reserve	Fair value reserve of financial assets at FVOCI	Contributed surplus	Retained earnings/ (accumulated losses)	Total
At 1 January 2019	43.4	(4.9)	62.0	46.4	–	1,765.6	127.2	2,039.7
Loss and total comprehensive loss for the year	–	–	–	–	–	–	(234.2)	(234.2)
Purchase of shares under share award scheme	–	(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	–	–	–	3.1	–	–	–	3.1
2018 final distribution paid	–	–	–	–	–	(30.6)	–	(30.6)
2019 interim distribution paid	–	–	–	–	–	(36.0)	–	(36.0)
At 31 December 2019	43.4	(3.2)	63.1	4.0	–	1,699.0	(66.3)	1,740.0
At 1 January 2020	43.4	(3.2)	63.1	4.0	–	1,699.0	(66.3)	**1,740.0**
Loss for the year	–	–	–	–	–	–	(41.3)	**(41.3)**
Other comprehensive loss for the year	–	–	–	–	(0.4)	–	–	**(0.4)**
Total comprehensive loss for the year	–	–	–	–	(0.4)	–	(41.3)	**(41.7)**
Purchase of shares under share award scheme	–	(1.0)	–	–	–	–	–	**(1.0)**
Shares vested under share award scheme	–	1.8	–	(1.7)	–	–	(0.1)	**–**
Lapse of share options	–	–	–	(1.0)	–	–	1.0	**–**
Employee share-based compensation benefits	–	–	–	2.3	–	–	–	**2.3**
2019 final distribution paid	–	–	–	–	–	(39.2)	–	**(39.2)**
2020 interim distribution paid	–	–	–	–	–	(39.2)	–	**(39.2)**
At 31 December 2020	**43.4**	**(2.4)**	**63.1**	**3.6**	**(0.4)**	**1,620.6**	**(106.7)**	**1,621.2**

42. Events after the Reporting Period

(A) On 8 December 2020, MPIC and KIT entered into a sale and purchase agreement ("SPA") with Government Service Insurance System, Langoer Investments Holdings B.V. and Macquarie Infrastructure Holdings (Philippines) Pte. Limited (collectively "the Sellers") to acquire a 100% interest in PTSI, which wholly owns Philippine Coastal Storage and Pipeline Corporation, the largest petroleum import terminal in the Philippines, strategically located in the Subic Bay Freeport Zone in the Philippines, for a total consideration of approximately US$333.8 million.

In accordance with the SPA, MPIC purchased 20% interest of PTSI for a consideration of approximately US$66.8 million and KIT purchased the remaining 80% interest of PTSI for a consideration of approximately US$267.0 million, through Hyperion Storage Holdings Corporation ("Philippines Holdco"), which MPIC and KIT are interested in 20% and 80%, respectively. The completion of the SPA took place on 29 January 2021.

Immediately following the completion of the SPA, MPIC purchased an approximately 30% interest in Philippines Holdco from KIT for an aggregate consideration of approximately Pesos 4.1 billion (US$85.8 million). As a result, MPIC is interested in approximately 50% of PTSI through its interest in Philippines Holdco, and the financial results of PTSI will be equity accounted for as a joint venture in the Group's consolidated financial statements.

(B) On 16 February 2021, FPM Tollway (Thailand) Limited ("FPM Tollway"), a subsidiary company of MPTC, entered into share purchase agreements with a group of Thailand investors/buyers to sell FPM Tollway's 100% interest in AIF Toll Roads, which in turn owns an approximate 29.5% interest in DMT, for an aggregate cash consideration of approximately US$149.3 million. The transaction was completed on 19 February 2021. Following the completion of the transaction, AIF Toll Roads and DMT have ceased to be a subsidiary and associated company of the Group, respectively. A net gain on disposal of approximately US$9.0 million attributable to owners of the parent will be recognized in profit or loss for the year ending 31 December 2021.

(C) On 17 February 2021, ICBP acquired an additional 49% interest in IFL, a subsidiary company of ICBP, for a total consideration of Rupiah 494 billion (US$35.0 million). As a result, ICBP's interest in IFL increased to 100% from 51% and IFL has become a wholly-owned subsidiary company of ICBP. The Group expects to record a debit amount of approximately US$3.0 million directly into equity as there was no change in control in IFL.

(D) On 2 March 2021, the Company held a Special General Meeting and obtained the approval from the Company's shareholders for the proposed disposal of a 56% interest in GBPC by Beacon PowerGen to MGen. The transaction is expected to be completed on 31 March 2021. As a result, GBPC will be deconsolidated and equity accounted for as an associated company in the Group's 2021 Consolidated Financial Statements. Also, a net gain on disposal of approximately US$30.0 million attributable to owners of the parent will be recognized in profit or loss for the year ending 31 December 2021.

(E) On 26 March 2021, the Corporate Recovery and Tax Incentives for Enterprises ("CREATE") bill was signed into law by the President of the Philippines. The CREATE bill would reduce the corporate income tax rate for the Group's major operating subsidiary and associated companies in the Philippines to 25% from 30% with retroactive effect from 1 July 2020. As a result, the Group's Philippine operating subsidiary and associated companies have remeasured their current and deferred tax assets and liabilities as at 31 December 2020 with an estimated net charge of approximately US$5.0 million to profit or loss attributable to owners of the parent for the year ending 31 December 2021.

(F) On 30 March 2021, the Board of Directors approved a three-year share repurchase program to buy back up to US$100.0 million of First Pacific shares by way of "open market repurchases".

43. Comparative Amounts

The comparative consolidated income statement, consolidated statement of cash flows and certain notes to the Consolidated Financial Statements have been re-presented as if the operation of GBPC discontinued in December 2020 had been discontinued at the beginning of the year of 2019 (Note 7).

44. 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 30 March 2021.

Glossary of Terms

Financial Terms

CONCESSION ASSETS Value of concessions of right granted by governments under service concession arrangements to charge users of public service provided

DEFINED BENEFIT SCHEME A retirement scheme in which the rules specify the benefits to be paid and the scheme is financed accordingly. Generally, benefits are determined using actuarial valuations that takes into account of the final salary and the number of years of service of each member

DEFINED CONTRIBUTION SCHEME A retirement scheme under which the benefits are directly determined by the value of contributions paid in respect of each member

DISCOUNTED CASH FLOW MODEL A cash flow model estimates the relevant future cash flows which are expected to be generated over the project period and discounted to the present value by using a discount rate

EBIT Earnings Before Interest and Tax

EBITDA Earnings Before Interest, Tax, Depreciation and Amortization

GAV Gross Asset Value, which represents the total market value of listed investments, carrying amounts or fair value of unlisted investments and other assets of First Pacific Head Office

IMPAIRMENT PROVISION Provision made to reduce the carrying amount of an asset to its recoverable amount

NAV Net Asset Value, which represents GAV less net debt of First Pacific Head Office

NET ASSETS Total assets less total liabilities, equivalent to total equity

NET CURRENT ASSETS Current assets less current liabilities

NET DEBT Total of short-term and long-term borrowings, net of cash and cash equivalents and short-term deposits and restricted cash

NON-RECURRING ITEMS Certain items, through occurrence or size, are not considered usual operating items

RECURRING PROFIT Profit attributable to owners of the parent excluding foreign exchange and derivative gains/losses, gain/loss on changes in fair value of biological assets and non-recurring items

TOTAL EQUITY Equity attributable to owners of the parent and non-controlling interests

Financial Ratios

ADJUSTED NAV PER SHARE NAV divided by the number of shares in issue

BASIC EARNINGS/LOSS PER SHARE Profit/loss attributable to owners of the parent divided by the weighted average number of shares in issue during the year

CASH INTEREST COVER Dividend and fee income less overhead expense divided by net cash interest expense

CURRENT RATIO Current assets divided by current liabilities

DILUTED EARNINGS/LOSS PER SHARE Profit/loss attributable to owners of the parent adjusted for the effect of assumed conversion of all dilutive potential ordinary shares divided by the weighted average number of shares in issue during the year plus the weighted average number of ordinary shares which would be issued on the assumed conversion of all dilutive potential ordinary shares

DISTRIBUTION/DIVIDEND COVER Recurring profit divided by ordinary share distributions/dividends paid and recommended

DISTRIBUTION/DIVIDEND PAYOUT RATIO Ordinary share distributions/dividends paid and recommended divided by recurring profit

DISTRIBUTION/DIVIDEND YIELD Distributions/dividends per share divided by closing share price on the last trading day of the reporting period

EBIT MARGIN EBIT divided by turnover

EBITDA MARGIN EBITDA divided by turnover

GEARING RATIO Net debt divided by total equity

GROSS MARGIN Gross profit divided by turnover

INTEREST COVER Profit before taxation (excluding foreign exchange and derivative gains/losses, gain/loss on changes in fair value of biological assets and non-recurring items) and net finance costs divided by net finance costs

NET CASH FLOWS FROM OPERATING ACTIVITIES PER ORDINARY SHARE Net cash flows from operating activities divided by the weighted average number of shares in issue during the year

RECURRING RETURN ON AVERAGE EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT Recurring profit divided by average equity attributable to owners of the parent

RECURRING RETURN ON AVERAGE NET ASSETS Recurring profit divided by average net assets

SHARE PRICE DISCOUNT TO ADJUSTED NAV PER SHARE Shortfall between share price and adjusted NAV per share divided by adjusted NAV per share

TANGIBLE ASSETS PER ORDINARY SHARE Total assets (excluding goodwill and other intangible assets) divided by the number of shares in issue

TOTAL ASSETS PER ORDINARY SHARE Total assets divided by the number of ordinary shares in issue

Other

ADR American Depositary Receipts

AGM Annual General Meeting

CPO Crude Palm Oil

FFB Fresh Fruit Bunches

GAAP Generally Accepted Accounting Principles

HKAS Hong Kong Accounting Standard

HKFRS Hong Kong Financial Reporting Standard

HKICPA Hong Kong Institute of Certified Public Accountants

HK(IFRIC)-Int Hong Kong (International Financial Reporting Interpretations Committee) – Interpretation

IDX Indonesia Stock Exchange

ISO International Organization for Standardization

LISTING RULES The Rules Governing the Listing of Securities on SEHK

LTE Long Term Evolution high speed wireless phone technology

N/A Not Applicable

NYSE The New York Stock Exchange

PSE The Philippine Stock Exchange, Inc.

RSS1 Rubber Smoke Sheet 1

SEHK The Stock Exchange of Hong Kong Limited

SGM Special General Meeting

SGX Singapore Exchange Securities Trading Limited

UHT Ultra High Temperature processing

3G The third generation of wireless network technology

4G The fourth generation of wireless network technology

5G The fifth generation of wireless network technology

Information for Investors

Financial Diary

Preliminary announcement of 2020 results	30 March 2021
Annual report posted to shareholders	29 April 2021
2021 Annual General Meeting	10 June 2021
Last day to register for final distribution	22 June 2021
Payment of final distribution	5 July 2021
Preliminary announcement of 2021 interim results	25 August 2021*
Interim report posted to shareholders	21 September 2021*
Financial year-end	31 December 2021
Preliminary announcement of 2021 results	29 March 2022*

* Subject to confirmation

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Share Information

First Pacific shares are listed on The Stock Exchange of Hong Kong Limited and are traded over the counter in the United States in the form of American Depositary Receipts

Listing date	12 September 1988
Par value	U.S.1 cent per share
Lot size	2,000 shares
Number of ordinary shares issued	4,344,931,044

Stock Codes

HKSE	00142
Bloomberg	142 HK
Thomson Reuters	0142.HK

American Depositary Receipts (ADRs) Information

Level: 1
ADRs Code: FPAFY
CUSIP reference number: 335889200
ADRs to ordinary shares ratio: 1:5
ADRs depositary bank: Deutsche Bank Trust Company Americas

To Consolidate Shareholdings

Write to our principal share registrar and transfer office in Bermuda at:

Conyers Corporate Services (Bermuda) Limited
Clarendon House, 2 Church Street
Hamilton HM11, Bermuda

Or the Hong Kong branch registrar at:

Computershare Hong Kong Investor Services Limited

Registrar Office

17M Floor, Hopewell Centre
183 Queen's Road East, Wanchai, Hong Kong SAR
Telephone : +852 2862 8555
Fax : +852 2865 0990/+852 2529 6087
Enquiry : www.computershare.com/hk/contact

Transfer Office

Shops 1712–1716, 17th Floor, Hopewell Centre
183 Queen's Road East, Wanchai, Hong Kong SAR

A Chinese Version of this Report, or Additional Information

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Auditor

Ernst & Young
Certified Public Accountants
Registered Public Interest Entity Auditor
22nd Floor, CITIC Tower
1 Tim Mei Avenue, Central, Hong Kong SAR

Solicitor

Gibson, Dunn & Crutcher
32nd Floor, Gloucester Tower, The Landmark
15 Queen's Road Central, Hong Kong SAR

Principal Bankers

Bank of China (Hong Kong) Limited
China Banking Corporation
Mizuho Bank, Ltd.
Sumitomo Mitsui Banking Corporation
The Hongkong & Shanghai Banking Corporation Limited

Summary of Principal Investments

As at 31 December 2020

PT Indofood Sukses Makmur Tbk

Indofood (IDX: INDF) is a leading Total Food Solutions company with operations in all stages of food manufacturing from the production of raw materials and their processing through to the manufacture of consumer food and beverage products and their distribution to the market. It is based and listed in Indonesia while its Consumer Branded Products subsidiary PT Indofood CBP Sukses Makmur Tbk and Agribusiness subsidiaries PT Salim Ivomas Pratama Tbk and PT Perusahaan Perkebunan London Sumatra Indonesia Tbk are also listed in Indonesia. Another subsidiary, Indofood Agri Resources Ltd., is listed in Singapore, and an Agribusiness associate, Roxas Holdings, Inc., is listed in the Philippines. Through its four complementary Strategic Business groups, Indofood manufactures and distributes a wide range of food and beverage products from its business groups: Consumer Branded Products (noodles, dairy, snack foods, food seasonings, nutrition & special foods, and beverages), Bogasari (wheat flour and pasta), Agribusiness (seed breeding, oil palm cultivation and milling, branded cooking oils, margarine and shortening, and the cultivation and processing of rubber, sugar cane and other crops) and Distribution.

Indofood is one of the world's largest manufacturers by volume of wheat-based instant noodles, one of the largest plantation companies by area and the largest flour miller in Indonesia. Indofood also has an extensive distribution network across Indonesia.

Sector	:	Consumer Food Products
Place of incorporation/business area	:	Indonesia
Issued number of shares	:	8.8 billion
Particulars of issued shares held	:	Shares of Rupiah 100 par value
Economic and voting interests	:	50.1%

Further information on Indofood can be found at www.indofood.com.

PLDT Inc.

PLDT (PSE: TEL; NYSE: PHI) is the largest fully integrated telecommunications company in the Philippines. Its shares are listed on the Philippine Stock Exchange and its American Depositary Shares are listed on the New York Stock Exchange. Through its principal business groups – fixed line, wireless and others – PLDT offers a wide range of telecommunications and digital services across the Philippines' most extensive fiber optic backbone, and fixed line and mobile networks.

Sector	:	Telecommunications
Place of incorporation/business area	:	The Philippines
Outstanding number of shares	:	216.1 million
Particulars of outstanding shares held	:	Common shares of Pesos 5 par value
Economic/voting interest	:	25.6%/15.1%

Further information on PLDT can be found at www.pldt.com.

Metro Pacific Investments Corporation

MPIC (PSE: MPI; ADR code: MPCIY) is a Philippine-listed investment management and holding company focused on infrastructure development.

Sector	:	Infrastructure, Utilities and Hospitals
Place of incorporation/business area	:	The Philippines
Outstanding number of shares	:	30.7 billion
Particulars of issued shares held	:	Common shares of Peso 1 par value
Economic/voting interest	:	43.1%/56.1%

Further information on MPIC can be found at www.mpic.com.ph.

Philex Mining Corporation

Philex (PSE: PX) is a Philippine-listed company engaged in the exploration and mining of mineral resources, and holds a 30.4% interest in **PXP Energy Corporation**.

Sector	:	Natural Resources
Place of incorporation/business area	:	The Philippines
Issued number of shares	:	4.9 billion
Particulars of issued shares held	:	Common shares of Peso 1 par value
Economic and voting interests	:	31.2%[(1)]

(1) Two Rivers Pacific Holdings Corporation, a Philippine affiliate of First Pacific, holds an additional 15.0% economic and voting interests in Philex.

Further information on Philex can be found at www.philexmining.com.ph.

PXP Energy Corporation

PXP (PSE: PXP) is a Philippine-listed company engaged in energy and hydrocarbon exploration and production.

Sector	:	Natural Resources
Place of incorporation/business area	:	The Philippines
Issued number of shares	:	2.0 billion
Particulars of issued shares held	:	Common shares of Peso 1 par value
Economic and voting interests	:	35.7%(2)(3)/21.7%(3)

(2) Includes a 14.0% effective economic interest in PXP held by First Pacific through its indirect interests in Philex.
(3) Two Rivers Pacific Holdings Corporation, a Philippine affiliate of First Pacific, holds an additional 6.7% economic and voting interests in PXP.

Further information on PXP can be found at www.pxpenergy.com.ph.

FPM Power Holdings Limited

FPM Power controls PLP.

Sector	:	Infrastructure/Utilities
Place of incorporation/business area	:	British Virgin Islands/Singapore
Issued number of shares	:	12,195
Particulars of issued shares held	:	Shares of US$1 par value
Economic/voting interest	:	67.8%(4)/60.0%

(4) Includes a 7.8% effective economic interest in FPM Power held by First Pacific through its indirect interest in Meralco.

PacificLight Power Pte. Ltd.

PLP operates one of Singapore's most efficient power plants, housing an 800-megawatt natural gas-fired combined cycle facility. Its wholly-owned subsidiary PacificLight Energy Pte. Ltd. offers customized price packages for retail electricity customers in Singapore.

Sector	:	Infrastructure/Utilities
Place of incorporation/business area	:	Singapore
Issued number of shares	:	568.8 million
Particulars of issued shares held	:	Ordinary shares with no par value
Economic/voting interest	:	47.5%(5)/70.0%

(5) Represents a 42.0% effective economic interest in PLP held by First Pacific through its interest in FPM Power and a 5.5% effective economic interest in PLP held by First Pacific through its indirect interests in Meralco.

Further information on PLP can be found at www.pacificlight.com.sg.

FP Natural Resources Limited

FP Natural Resources together with its Philippine affiliate, First Agri Holdings Corporation, hold interests in **RHI**.

Sector	:	Consumer Food Products
Place of incorporation/business area	:	British Virgin Islands/The Philippines
Issued number of shares	:	15,100
Particulars of issued shares held	:	Shares of US$1 par value
Economic/voting interest	:	80.8%(6)/100%(7)

(6) Includes a 10.8% effective economic interest in FP Natural Resources held by First Pacific through its indirect interests in IndoAgri.
(7) Includes a 30.0% voting interest in FP Natural Resources held by First Pacific through its indirect interests in IndoAgri.

Roxas Holdings, Inc.

RHI (PSE: ROX) is a Philippine-listed sugar and ethanol producer.

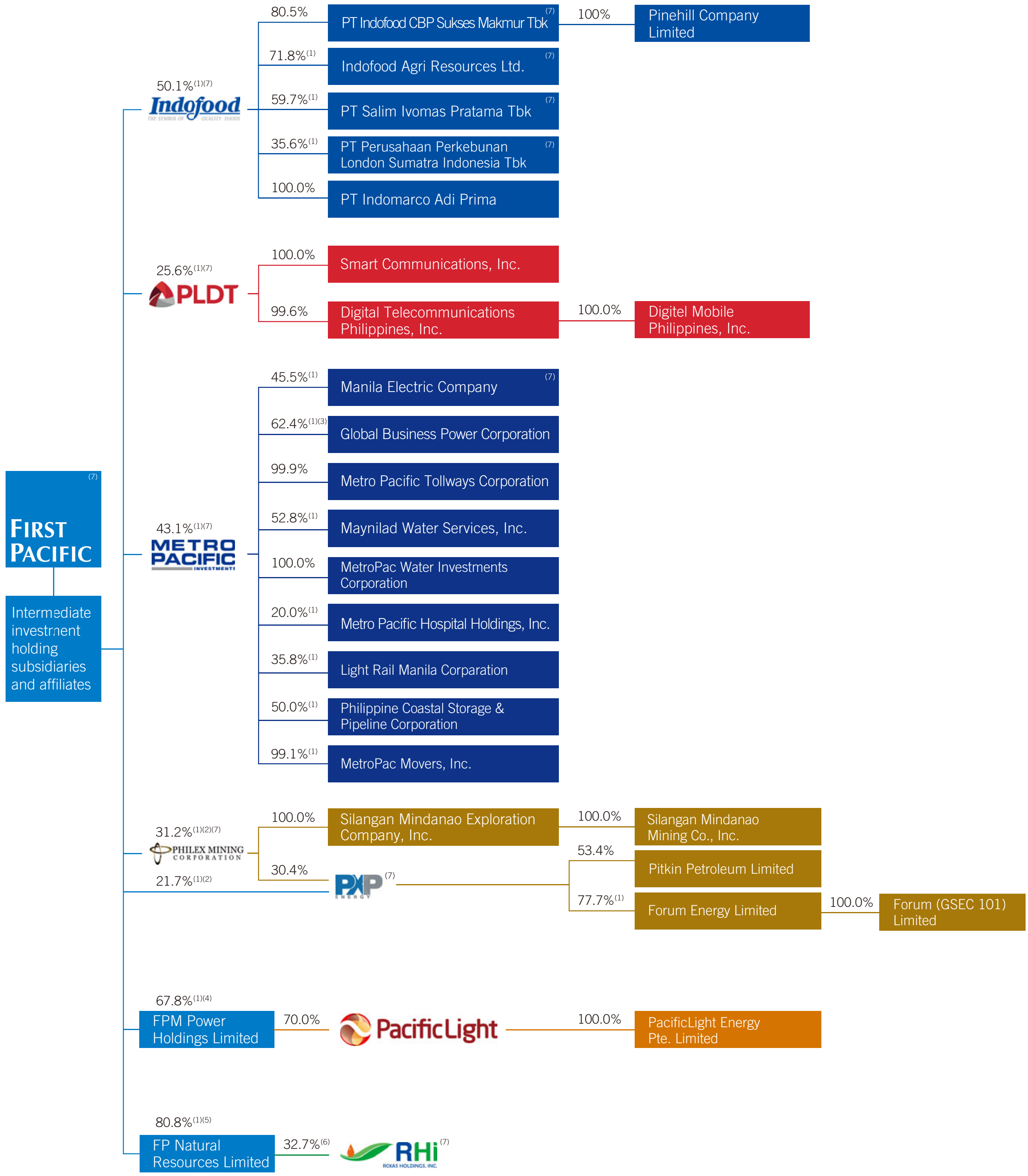
Sector	:	Consumer Food Products
Place of incorporation/business area	:	The Philippines
Outstanding number of shares	:	1.5 billion
Particulars of outstanding shares held	:	Common shares of Peso 1 par value
Economic/voting interest	:	26.4%(8)(9)/32.7%(9)

(8) Represents a 22.9% effective economic interest in RHI held by First Pacific through its interest in FP Natural Resources and a 3.5% effective economic interest in RHI held by First Pacific through its indirect interests in IndoAgri.
(9) FAHC, a Philippine affiliate of FP Natural Resources, holds an additional 30.2% economic and voting interests in RHI.

Further information on RHI can be found at www.roxasholdings.com.ph.

Corporate Structure

As at 29 March 2021



(1) Economic interest.
(2) Two Rivers, a Philippine affiliate of First Pacic, holds additional 15.0% and 6.7% economic interests in Philex and PXP, respectively.
(3) Includes a 6.4% effective economic interest in GBPC through MPIC's indirect interests in Meralco.
(4) Includes a 7.8% effective economic interest in FPM Power held through First Pacific's indirect interests in Meralco.
(5) Includes a 10.8% effective economic interest in FP Natural Resources held through First Pacific's indirect interests in IndoAgri.
(6) FAHC, a Philippine affiliate of FP Natural Resources, holds an additional 30.2% economic interest in RHI.
(7) Listed company.

FIRST PACIFIC

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