THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in First Pacific Company Limited, you should at once hand this circular, together with the enclosed form of proxy, to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

FIRST PACIFIC

FIRST PACIFIC COMPANY LIMITED

第一太平有限公司

(Incorporated with limited liability under the laws of Bermuda)

Website: www.firstpacific.com

(Stock Code: 00142)

VERY SUBSTANTIAL ACQUISITION AND CONNECTED TRANSACTION

PROPOSED ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL OF PINEHILL COMPANY LIMITED BY PT INDOFOOD CBP SUKSES MAKMUR TBK AND NOTICE OF SGM

Independent Financial Adviser
to the Independent Board Committee and to the Independent Shareholders

SOMERLEY CAPITAL LIMITED

A letter from the Board is set out on pages 6 to 28 of this circular.

A letter from the Independent Board Committee is set out on pages 29 and 30 of this circular.

A letter from the Independent Financial Adviser, containing its advice and recommendation to the Independent Board Committee and the Independent Shareholders, is set out on pages 31 to 86 of this circular.

A notice convening the SGM to be held at Jasmine to Stork Room, 1st Floor, Mandarin Oriental Hong Kong, 5 Connaught Road Central, Hong Kong at 10:00 a.m. on Friday, 17 July 2020 is set out on pages SGM-1 to SGM-2 of this circular.

Whether or not you are able to attend the SGM, please complete and return the enclosed Form of Proxy to First Pacific Company Limited's Hong Kong Branch Share Registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible, but in any event not less than 48 hours before the time appointed for the holding of the SGM or any adjourned meeting thereof (as the case may be). Completion and delivery of the Form of Proxy will not preclude you from attending and voting in person at the SGM or at any adjourned meeting thereof (as the case may be) should you so wish.

PRECAUTIONARY MEASURES FOR THE SGM

In light of the continuing risks posed by the coronavirus disease 2019 (COVID-19), First Pacific Company Limited is adopting the following precautionary measures at the SGM:

(1) Compulsory temperature screening/checks.
(2) Submission of Health Declaration Form.
(3) Wearing of surgical face masks at the SGM venue and throughout the SGM.
(4) No serving of food or drinks nor distribution of corporate gifts.
(5) Shareholders attending the SGM in person will be accommodated in separate meeting rooms or partitioned areas with not more than 50 persons in each room.

Attendees who do not comply with the precautionary measures (1) to (3) above may be denied entry to the SGM venue, at the absolute discretion of the Company as permitted by law.

For the health and safety of our Shareholders, the Company would like to encourage its Shareholders to exercise their right to vote at the SGM by appointing the Chairman of the SGM as their proxy to vote on the relevant resolutions to be proposed at the SGM instead of attending the SGM in person.

23 June 2020

CONTENTS

In this circular and the appendices to it, the following expressions shall have the following meanings unless the context requires otherwise:

"Actual Profit"	has the meaning given to it in the paragraph headed "The Agreement – Consideration – Adjustment to the Consideration" in the Letter from the Board contained in this circular;
"Agreement"	the conditional shares sale and purchase agreement dated 22 May 2020 entered into by and between ICBP and the Sellers in relation to the Proposed Acquisition;
"ASM"	has the meaning given to it in the paragraph headed "Information on the Sellers – Steele Lake" in the Letter from the Board contained in this circular;
"associate"	has the meaning given to it in the Listing Rules;
"Board"	the board of Directors;
"Business Day"	a day (other than a Saturday, Sunday or public holiday) on which banks are open in Singapore, Jakarta and New York City (in relation to remittance in US dollars);
"BVI"	the British Virgin Islands;
"Bye-laws"	the Bye-laws of the Company, as amended from time to time;
"Company" or "First Pacific"	First Pacific Company Limited, an exempted company incorporated in Bermuda with limited liability, and having its shares listed on the Stock Exchange;
"Completion"	completion of the Proposed Acquisition in accordance with the terms and conditions of the Agreement;
"Completion Date"	has the meaning given to it in the paragraph headed "The Agreement – Completion" in the Letter from the Board contained in this circular;
"Conditions Precedent"	the conditions precedent to the Completion, details of which are set out under the paragraph headed "The Agreement – Conditions Precedent" in the Letter from the Board contained in this circular;
"connected person"	has the meaning assigned to it under the Listing Rules;

"Consideration"	the purchase price for the acquisition of the entire issued share capital of Pinehill in the aggregate amount of US$2,998 million payable by ICBP to the Sellers for the Proposed Acquisition under the Agreement;
"Director(s)"	the director(s) of the Company;
"Enlarged Group"	the Group as enlarged by the Pinehill Group upon Completion;
"Group"	the Company and its subsidiaries from time to time, and the expression "member of the Group" shall be construed accordingly;
"Guarantee Period"	the two financial years ending 31 December 2020 and 31 December 2021;
"Guaranteed Profit"	has the meaning given to it in the paragraph headed "The Agreement – Consideration – Profit Guarantee" in the Letter from the Board contained in this circular;
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong;
"HKFRS"	Hong Kong Financial Reporting Standards, as issued and/or adopted by HKICPA from time to time;
"HKICPA"	Hong Kong Institute of Certified Public Accountants;
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China;
"ICBP"	PT Indofood CBP Sukses Makmur Tbk, a company incorporated in Indonesia and listed on the IDX, in which Indofood has an 80.5% interest, being the purchaser of the Sales Shares under the Agreement;
"IDX"	the Indonesia Stock Exchange;
"IFRS"	International Financial Reporting Standards, as issued and/or adopted by the International Accounting Standards Board from time to time;

"Independent Board Committee"	the independent committee of the Board comprising Prof. Edward K.Y. Chen, *GBS, CBE, JP*, Margaret Leung Ko May Yee, *SBS, JP*, Philip Fan Yan Hok, Madeleine Lee Suh Shin and Blair Chilton Pickerell, being all the independent non-executive Directors, established by the Company to consider the Proposed Acquisition and advise the Independent Shareholders as to whether the terms of the Proposed Acquisition are fair and reasonable and whether the Proposed Acquisition is in the interests of the Company and the Independent Shareholders as a whole and to advise the Independent Shareholders on how to vote in respect of the Proposed Acquisition at the SGM, taking into account the recommendation of the Independent Financial Adviser in that regard;
"Independent Financial Adviser" or "Somerley"	Somerley Capital Limited, a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Proposed Acquisition and as to how the Independent Shareholders should vote at the SGM in respect of the resolution to approve the Proposed Acquisition;
"Independent Shareholders"	shareholders of the Company who do not have a material interest in the Proposed Acquisition;
"Indofood"	PT Indofood Sukses Makmur Tbk, a company incorporated in Indonesia, which is a 50.1% owned subsidiary of the Group and which has its shares listed on the IDX;
"Latest Practicable Date"	17 June 2020, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein;
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
"Long Stop Date"	31 December 2020;
"Mr. Salim"	Mr. Anthoni Salim, the Chairman of the Board, a substantial shareholder of the Company, the President Director and CEO of Indofood and the President Director and CEO of ICBP, a connected person of the Company;
"NPAT"	annual audited consolidated net profit attributable to the parent of the Pinehill Group;

"Pinehill"	Pinehill Company Limited, a BVI business company duly established under the laws of the BVI;
"Pinehill Corpora"	Pinehill Corpora Limited, a BVI business company duly established under the laws of the BVI, being the seller of the Pinehill Corpora Sale Shares and a connected person of the Company;
"Pinehill Corpora Retention Amount"	has the meaning given to it in the paragraph headed "The Agreement – Consideration – Payment of the Consideration" in the Letter from the Board contained in this circular;
"Pinehill Corpora Sale Shares"	70,828,180 shares in Pinehill owned by Pinehill Corpora, representing 51% of the entire issued share capital of Pinehill;
"Pinehill Group"	Pinehill and its subsidiaries;
"Pinehill Group's Financial Statements"	the audited consolidated financial statements of the Pinehill Group to be prepared in respect of the financial years ended 31 December 2020 and 31 December 2021, to be audited by an independent accountant in accordance with IFRS and expected to be issued no later than 21 April 2022;
"Proposed Acquisition"	the proposed acquisition by ICBP of the entire issued share capital of Pinehill as contemplated under the Agreement and described in the Letter from the Board contained in this circular;
"Retention Amount"	has the meaning given to it in the paragraph headed "The Agreement – Consideration – Payment of the Consideration" in the Letter from the Board contained in this circular;
"Rp"	Rupiah, the lawful currency of Indonesia;
"Sale Shares"	collectively, the Pinehill Corpora Sale Shares and the Steele Lake Sale Shares;
"Sellers"	collectively, Pinehill Corpora and Steele Lake, and "Seller" shall mean any one of them;
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified for the time being;

"SGM"	the special general meeting of the Company to be held at Jasmine to Stork Room, 1st Floor, Mandarin Oriental Hong Kong, 5 Connaught Road Central, Hong Kong at 10:00 a.m. on Friday, 17 July 2020 convened by the notice of the SGM set out on pages SGM-1 to SGM-2 of this circular (or any adjournment thereof);
"Shareholder(s)"	holder(s) of Shares;
"Shares"	ordinary share(s) of US$0.01 (approximately HK$0.078) each in the share capital of the Company;
"Steele Lake"	Steele Lake Limited, a BVI business company duly established under the laws of the BVI, being the seller of the Steele Lake Sale Shares;
"Steele Lake Retention Amount"	has the meaning given to it in the paragraph headed "The Agreement – Consideration – Payment of the Consideration" in the Letter from the Board contained in this circular;
"Steele Lake Sale Shares"	68,050,408 shares in Pinehill owned by Steele Lake, representing 49% of the entire issued share capital of Pinehill;
"Stock Exchange"	The Stock Exchange of Hong Kong Limited;
"US$" or "US dollars"	United States dollars, the lawful currency of the United States of America; and
"%"	per cent.

In this circular, translations of quoted currency values are made on an approximate basis and at the rate of US$1.00 = Rp14,000 = HK$7.80. Percentages and figures expressed in billions and millions have been rounded.

FIRST PACIFIC COMPANY LIMITED
第一太平有限公司

(Incorporated with limited liability under the laws of Bermuda)
Website: www.firstpacific.com
(Stock Code: 00142)

Non-executive Chairman:
Anthoni Salim

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

Non-executive Directors:
Benny S. Santoso
Tedy Djuhar
Axton Salim

Independent Non-executive Directors:
Prof. Edward K.Y. Chen, *GBS, CBE, JP*
Margaret Leung Ko May Yee, *SBS, JP*
Philip Fan Yan Hok
Madeleine Lee Suh Shin
Blair Chilton Pickerell

Principal Office:
24th Floor
Two Exchange Square
8 Connaught Place
Central
Hong Kong

Registered Office:
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

23 June 2020

To the Shareholders

Dear Sir or Madam,

VERY SUBSTANTIAL ACQUISITION AND CONNECTED TRANSACTION

PROPOSED ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL OF PINEHILL COMPANY LIMITED BY PT INDOFOOD CBP SUKSES MAKMUR TBK AND NOTICE OF SGM

INTRODUCTION

On 11 February 2020, the Company announced that ICBP had made a filing with the IDX stating that ICBP (a subsidiary of the Company) was assessing the potential acquisition of Pinehill and that ICBP would conduct due diligence on the Pinehill Group before deciding whether or not to proceed with a transaction.

Further to that announcement, as announced by the Company on 22 May 2020, on 22 May 2020 (after trading hours of the Stock Exchange), ICBP and the Sellers entered into the Agreement pursuant to which ICBP has conditionally agreed to purchase, and the Sellers have conditionally agreed to sell, the Sale Shares representing the entire issued share capital of Pinehill, for the Consideration of US$2,998 million (equivalent to approximately HK$23.4 billion) (subject to adjustment).

The purpose of this circular is to provide you with, among other things, (i) further information relating to the Proposed Acquisition; (ii) the recommendation of the Independent Board Committee in respect of the Proposed Acquisition; (iii) the advice of the Independent Financial Adviser in respect of the Proposed Acquisition and as to how the Independent Shareholders should vote at the SGM; (iv) financial information relating to the Group; (v) the accountant's report on the Pinehill Group; (vi) management discussion and analysis on the Pinehill Group; (vii) unaudited pro forma financial information of the Enlarged Group; (viii) other information as required to be disclosed under the Listing Rules; and (ix) notice of the SGM.

THE AGREEMENT

The principal terms of the Agreement are summarised below:

Date

22 May 2020

Parties

(1) ICBP (as purchaser), a consolidated subsidiary of the Company;

(2) Pinehill Corpora (as Seller), a connected person of the Company; and

(3) Steele Lake (as Seller).

Further information on ICBP, Pinehill Corpora and Steele Lake is set forth below in this circular.

Subject Matter

Pursuant to the Agreement, ICBP has conditionally agreed to purchase, and the Sellers have conditionally agreed to sell, the Sales Shares representing the entire issued share capital of Pinehill comprising:

(1) the Pinehill Corpora Sale Shares owned by Pinehill Corpora representing 51% of the issued share capital of Pinehill; and

(2) the Steele Lake Sale Shares owned by Steele Lake representing 49% of the issued share capital of Pinehill.

Consideration

The aggregate Consideration (subject to adjustment) payable for the sale and purchase of the Sale Shares is US$2,998 million (equivalent to approximately HK$23.4 billion), of which US$1,528.98 million (equivalent to approximately HK$11,926.04 million) is payable by ICBP to Pinehill Corpora for the Pinehill Corpora Sale Shares and US$1,469.02 million (equivalent to approximately HK$11,458.36 million) is payable by ICBP to Steele Lake for the Steele Lake Sale Shares.

Basis of determination of the Consideration

The Pinehill Group is engaged in the manufacture and sale of instant noodles, principally in eight countries under the “Indomie” brand. In order of importance, its key markets are Saudi Arabia, Nigeria, Egypt, Turkey, Serbia, Ghana, Morocco and Kenya, with a total population of approximately 550 million. The Pinehill Group has 12 factories with an annual production capacity of 10 billion packs of instant noodles. Pinehill’s markets are at an early stage of growth in terms of both volumes and profitability.

The Pinehill Group’s sales in 2019 were approximately US$533.5 million (equivalent to approximately HK$4.2 billion) and its profits before tax were approximately US$125.0 million (equivalent to approximately HK$975.0 million). As at 31 December 2019, it had consolidated total equity of approximately US$246.3 million (equivalent to approximately HK$1.9 billion), cash of about US$67.5 million (equivalent to approximately HK$526.5 million), and no bank debt.

The Consideration of US$2,998 million (equivalent to approximately HK$23.4 billion) was determined after arm’s length negotiations between ICBP and the Sellers on normal commercial terms with reference to:

(i) the historical growth rate and projected future growth of the Pinehill Group, as a result of the specific features of the Pinehill Group’s footprint described in (iii) and (iv) below;

(ii) the Pinehill Group’s exceptional strength and dominant market position in the markets in which it operates;

(iii) the substantial future growth opportunities arising from the demographics of the Pinehill Group's existing footprint, with its core markets of Saudi Arabia, Nigeria, Egypt, Turkey, Serbia, Ghana, Morocco and Kenya having a total population of approximately 550 million, rising to over 885 million after taking into account the surrounding countries into which the Pinehill Group is currently selling;

(iv) the substantial future growth opportunities arising from the emerging status of the Pinehill Group's main markets, with average consumption per head at less than a quarter of that for ICBP's instant noodle products in Indonesia and significant potential for increasing profit margins as demand for additional flavours and more sophisticated packaging increase;

(v) the strategic fit and potential synergies available to ICBP, as ICBP believes Pinehill is a unique fit with its present core expertise and presents a golden opportunity to expand into fast growing and profitable new markets. ICBP believes the Proposed Acquisition can be a transformative step for ICBP to join an elite group of international food companies and become one of the largest producer of instant noodles in the world;

(vi) the profit guarantee described below in this section in respect of the Guarantee Period, representing a price earnings multiple of 23 times; and

(vii) the price earnings multiples of 11 comparable public companies (6 in Africa and the Middle East and 5 in Southeast Asia) engaged in food manufacturing and processing in their respective regions and otherwise having similar characteristics to the Pinehill Group. Based on the data quoted from Bloomberg L.P., as at 31 December 2019, the overall mean price earnings multiple of the group of 11 comparable companies was 23.5 times and their overall median price earnings multiple was 23 times.

The following table sets forth information in relation to the group of 11 comparable public companies identified by ICBP:

Company	Principal business	Country	Ticker	Price earnings multiple *(Note)*
Africa and the Middle East				
Nestlé Nigeria Plc	The manufacturing, marketing and distribution of food products including purified water throughout Nigeria.	Nigeria	NESTLE NL	25.5
Almarai Company JSC	The manufacturing and trading of dairy and juice products, bakery products and poultry products.	Kingdom of Saudi Arabia	ALMARAI AB	27.1
Saudia Dairy and Foodstuff Co	Dairy and foodstuff company with operations across the Middle East. The company's products includes milk, tomato paste, ice cream, powdered milk, cheese and others.	Kingdom of Saudi Arabia	SADAFCO AB	18.2
Arabian Food Industries Company	Manufacturer of juice and dairy products. The company produces a variety of juices including apple, orange, pineapple and mango, as well as an assortment of cheese.	Egypt	DOMT EY	19.8
Tiger Brands Limited	Manufactures, processes, and distributes food products which include milling and baking, confectioneries, general foods and derivatives.	South Africa	TBS SJ	15.9
Presco Plc	Produces specialty fats and oils. The company specializes in the cultivation of oil palm and in the extraction, refining and fractioning of crude oil into finished products.	Nigeria	PRESCO NL	12.0
Mean				**19.8**
Median				**19.0**

Company	Principal business	Country	Ticker	Price earnings multiple *(Note)*
Southeast Asia				
PT Unilever Indonesia Tbk	Manufacturing, marketing and distribution of consumer goods including soaps, detergents, ice cream, savoury, soy sauce, cosmetic products, tea-based beverages and fruit juice.	Indonesia	UNVR IJ	43.3
Universal Robina Corporation	Manufactures, markets, and distributes branded consumer foods and agro-industrial and commodities. The company's businesses and products include hogs and poultry farming, animal feeds, sugar and renewables and flour and pasta.	Philippines	URC PM	32.7
PT Indofood CBP Sukses Makmur Tbk (ICBP)	Consumer branded products industry, include among others, instant noodles, food seasonings, nutrition and special foods, as well as capital investments in subsidiaries engaged in the dairy processing industry and other related products, snacks, culinary food products, beverages and packaging.	Indonesia	ICBP IJ	25.8
PT Mayora Indah Tbk.	Manufacturing of food, candies and biscuits. Through its subsidiaries, the company also manufactures coffee powder, instant coffee, cocoa beans and instant noodle.	Indonesia	MYOR IJ	23.0
Thai President Foods Public Company Limited	A food products processing, manufacturing, and distribution company. The company produces instant food (including instant noodle), bakery, confectionery and fruit juice.	Thailand	TFMAMA TB	15.3
Mean				**28.0**
Median				**25.8**
Overall Mean				**23.5**
Overall Median				**23.0**

Source:

Bloomberg and the respective published annual reports and/or company websites of those comparable companies.

Note:

The price earnings multiple of each of the comparable companies is calculated by dividing (a) the relevant company's share price as at 31 December 2019 by (b) its earnings per share based on the audited consolidated net profit attributable to owners of the Company for its respective financial year ended in 2019 and the number of its shares in issue as at 31 December 2019, and is sourced directly from Bloomberg.

ICBP has relied on its own independent assessment and valuation taking into account the factors as described above in determining the amount of the Consideration. However, in accordance with the rules of the Financial Services Authority (the Capital Market Authority), ICBP has engaged Kantor Jasa Penilai Publik Rengganis Hamid & Rekan ("**KJPP**"), an independent Indonesian valuer, to value the Pinehill Group.

The information memorandum issued by ICBP to its shareholders in accordance with the rules of the IDX in respect of the Proposed Acquisition (the "**ICBP Information Memorandum**") (which can be accessed at https://www.indofoodcbp.com) contains a summary of the valuation conducted by KJPP and the results of the analysis conducted by DB. Pursuant to the ICBP Information Memorandum, based on a number of different valuation methodologies including the market approach using the Guideline Publicly Traded Company ("**GPTC**") method (considering the availability of comparable companies) and the asset approach using the Adjusted Book Value Method (considering the fact that Pinehill is a non-operating holding company and only has assets in the form of investment in subsidiaries with significant value), and for Pinehill's operating subsidiaries, the income approach using the Discounted Cash Flow Method and the market approach using the GPTC method, KJPP was of the opinion that the fair market value of the entire issued share capital of the Pinehill Group was US$2,863,374,000 (equivalent to approximately HK$22,334,317,200) as at 31 December 2019.

ICBP also engaged Deutsche Bank AG, Hong Kong Branch ("**DB**"), an independent bank, to prepare a valuation analysis of the Pinehill Group. Based on a variety of internationally accepted valuation methods including the use of (i) comparable companies' trading valuations, (ii) precedent comparable transactions and (iii) discounted cash flow analysis, as of 18 May 2020, DB is of the opinion that the equity value of the Pinehill Group is in the range of US$2.9 billion (equivalent to approximately HK$22.6 billion) to US$3.6 billion (equivalent to approximately HK$28.1 billion), and that the amount of the Consideration is fair and reasonable from a financial point of view.

Accordingly, each of the valuations obtained from KJPP and DB was broadly in line with ICBP's estimated equity value of the Pinehill Group (being the amount of the Consideration of US$2,998 million (equivalent to approximately HK$23.4 billion)).

As referred to above, ICBP has relied on its own independent assessment of the value of the Pinehill Group, taking into account factors described on pages 8 and 9 above to determine the amount of the Consideration. The KJPP valuation, required under the applicable Indonesian regulations, and the DB analysis have served as a useful benchmarking exercise in respect of ICBP's independent assessment of the equity value of the Pinehill Group. ICBP's disclosures relating to the Proposed Acquisition can be accessed at https://www.indofoodcbp.com/menu/disclosures.

Having independently assessed the factors taken into account by ICBP to derive its valuation of the Pinehill Group and the amount of the Consideration, as described above, and although each of the 11 comparable public companies identified by ICBP does not have principal business activities exactly identical to that of ICBP (while having similar characteristics), the Directors (including the independent non-executive Directors whose views have been set forth in the Letter from the Independent Board

Committee on pages 29 and 30 of this circular after taking into account the advice from the Independent Financial Adviser) are of the view that the price earnings multiple of 23 times and the Consideration was determined on a fair and reasonable basis following an appropriate process, and that the Consideration determined as aforesaid and subject to the adjustment described below in this circular is in the interests of the Company and the Shareholders as a whole.

Payment of the Consideration

Pinehill Corpora Sale Shares

The consideration of US$1,528.98 million (equivalent to approximately HK$11,926.04 million) for the sale and purchase of the Pinehill Corpora Sale Shares shall be paid by ICBP as follows:

(1) US$1,197.48 million (equivalent to approximately HK$9,340.34 million) in cash in full on the Completion Date; and

(2) US$331.5 million (equivalent to approximately HK$2,585.7 million) (the "**Pinehill Corpora Retention Amount**") in cash on 30 April 2022 (or such later date as any adjustment to the Consideration is definitively determined), subject to set off against any adjustment to the Consideration.

Steele Lake Sale Shares

The consideration of US$1,469.02 million (equivalent to approximately HK$11,458.36 million) for the sale and purchase of the Steele Lake Sale Shares shall be paid by ICBP as follows:

(1) US$1,150.52 million (equivalent to approximately HK$8,974.06 million) in cash in full on the Completion Date; and

(2) US$318.5 million (equivalent to approximately HK$2,484.3 million) (the "**Steele Lake Retention Amount**", together with the Pinehill Corpora Retention Amount, the "**Retention Amount**") in cash on 30 April 2022 (or such later date as any adjustment to the Consideration is definitively determined), subject to set off against any adjustment to the Consideration.

Retention Amount

The Retention Amount of US$650.0 million (equivalent to approximately HK$5,070.0 million) shall be retained by ICBP until 30 April 2022 or such later date as any adjustment to the Consideration is definitively determined. As a result of any adjustment to the Consideration, the Retention Amount would be reduced by an amount equal to the amount of the adjustment, following which ICBP shall pay to Pinehill Corpora and Steele Lake, respectively, the balance of the Retention Amount which has not been set off against any adjustment to the Consideration resulting from the application of the provisions relating to the profit guarantee described below in the paragraph headed "Profit guarantee", together with a one time compensation of 2.63% of the balance of the Retention Amount payable (after any set off resulting from any adjustment to the Consideration). The compensation amount is equivalent to an amount of 1.5% per annum on the Retention Amount (after any set off resulting from any adjustment to the Consideration) payable to the Sellers in respect of the 21-month period between the anticipated Completion Date (on or around 31 July 2020) and 30 April 2022. Accordingly, the one time compensation of 2.63% is an amount for the time value of money in respect of part of the Consideration (being 1.5% times 21 divided by 12), the payment of which is deferred pursuant to the retention arrangement. The amount of any adjustment resulting from the profit guarantee described below which exceeds the Retention Amount shall be payable by the Sellers, proportionally, to ICBP.

Within one month before the payment date of the Retention Amount, the parties may by mutual agreement extend the payment period as well as the terms governing such extension.

Source of funding by ICBP

The Proposed Acquisition will be funded by ICBP's internal resources and borrowings from third party banks. ICBP intends to satisfy the Consideration:

(1) as to US$300 million (equivalent to approximately HK$2,340 million) in cash from ICBP's internal resources generated by its operations; and

(2) the balance of the Consideration of US$2,048 million (equivalent to approximately HK$15,974.4 million) (after deducting the Retention Amount) from borrowings from third party banks. As at the Latest Practicable Date, ICBP is in discussions with prospective lenders on the terms of a loan facility to be granted to ICBP, and no definitive terms have been agreed among the parties.

Based on the proposed terms of the loan facility available as at the Latest Practicable Date, the loan facility to be granted to ICBP is not guaranteed by Indofood (its immediate parent) nor the Company (its ultimate parent), and no "comfort letter" or other support is required from the Company. The proposed documentation in relation to the loan facility contains normal financial covenants which the management of ICBP is confident that it can meet while continuing to make dividend payments to Indofood. On this basis, barring unforeseen circumstances, the management of Indofood considers its dividend payments to the Company, which partly depend on Indofood's dividend receipts from ICBP, will not be adversely affected, and should in due course be strengthened, by the completion of the Proposed Acquisition.

Profit guarantee

Under the Agreement, the Sellers have jointly and severally undertaken that the average NPAT of the Pinehill Group for the Guarantee Period shall not be less than US$128.5 million (equivalent to approximately HK$1,002.3 million) per annum (the "**Guaranteed Profit**").

Adjustment to the Consideration

The Agreement provides that if the Actual Profit (as defined below) is less than 95% of the Guaranteed Profit, the Consideration shall be adjusted in accordance with the following formula:

adjustment amount = (a – b) x c,

where:

a = US$128.5 million (equivalent to approximately HK$1,002.3 million), being the Guaranteed Profit;

b = the actual average audited consolidated net profit after tax of the Pinehill Group for the Guarantee Period as derived from the Pinehill Group's Financial Statements (the "**Actual Profit**"); and

c = 23, being the price earnings multiple of the Pinehill Group as mutually agreed between the parties, based on the average price earnings multiple of the group of 11 comparable companies considered by ICBP as described in the paragraph headed "The Agreement – Consideration – Basis of determination of the Consideration" above.

If the Actual Profit is less than 95% of the Guaranteed Profit, the Company will comply with the disclosure requirements under Rules 14.36B(2) and 14A.63 of the Listing Rules.

The Guaranteed Profit of US$128.5 million (equivalent to approximately HK$1,002.3 million) has been determined having regard to:

(i) Pinehill's core profit (being the profit attributable to the owners of the Pinehill Group after excluding the effects of foreign exchange and interest expenses in head office) of US$77.6 million (approximately HK$605.3 million) for the financial year ended 31 December 2019, as set forth in the paragraph headed "Information on the Pinehill Group – Financial Information of the Pinehill Group" below. Although Pinehill's audited consolidated profit after taxation attributable to its shareholders for the financial year ended 31 December 2019 was US$43.2 million (approximately HK$337.0 million), this amount included the expenses related to borrowings raised by Pinehill to fund other business initiatives of its shareholders. Such related borrowings were fully repaid in December 2019 as part of the Pinehill Group's restructuring exercise. Therefore, ICBP believes that a better measure of the profitability of the Pinehill Group following Completion is the core profit of Pinehill of US$77.6 million (approximately HK$605.3 million) for the financial year ended 31 December 2019, which was arrived at after excluding such expenses related to borrowings raised by Pinehill to fund other business initiatives of its shareholders.

(ii) the factors taken into account by ICBP as described in the paragraph headed "The Agreement – Consideration – Basis of determination of the Consideration" above, including the projected future growth of the Pinehill Group;

(iii) the initiatives which the Pinehill Group has been implementing and will continue to execute to facilitate its growth, including, among others:

(1) Deeper distribution penetration in existing markets through addition of stock points, listing in remaining key accounts, retail and traditional stores;

(2) Extension of distribution network into second-tier cities and rural districts;

(3) Driving of sales volumes in surrounding countries by offering affordable and suitable products for the consumers of the target markets;

(4) Entrance into several non-conventional channels, including online platforms, university canteens, Indomie kiosks etc.;

(5) Capture of the "out of home" opportunity with cup noodles;

(6) New product launches to cater to the differing taste profiles of consumers in different countries;

(7) Introduction of new packaging sizes (such as jumbo size) for consumers who prefer to have bigger size of noodle consumption;

(8) Introduction of new flavors (premium noodles) to cater to consumers who look for new exciting products;

(9) Targeted sales and marketing activities to increase consumption by existing consumers and introduce ICBP products to new users; and

(10) Cost efficiency initiatives through machine automation, the purchase of new machinery which would lower production costs, usage of alternative energy sources.

(iv) the latest business performance of the Pinehill Group in 2020 and whether the COVID-19 virus and the lockdown measures imposed by various countries have had any material effect. For the four months of 2020, the sales of the Pinehill Group have shown growth as compared to the corresponding period in 2019. Apart from the organic growth of the operating companies of the Pinehill Group, the management of Pinehill believes that the increase in sales has been positively influenced by the enormous stocking up in light of the lockdown policies in place in relevant jurisdictions. Furthermore, the management of Pinehill believes that the lockdown policies has also positively benefited the "Indomie", "Supermi" and "Pop Mie" brand equities as consumers became more aware of its products. In order to maintain sufficient food supply, local governments in those relevant jurisdictions have provided support to and encouraged food manufacturing companies like the Pinehill Group to continue their operations. Though there have been from time to time challenges in distribution and logistics of supplies and/or products due to restriction in movement during the lockdown/curfew, the management of Pinehill believes that these have been manageable and have not caused material disruption to the business as a whole. In the first four months of 2020, COVID-19 induced-buying exceeded supply for many of Pinehill's export destinations. Sales volume to the Gulf Cooperation Council (GCC) countries also increased compared to 2019. In general, the management of Pinehill considers that COVID-19 has not had an overall material adverse impact on the Pinehill Group's business and that its latest business growth is generally in line with their expectations.

Having considered the basis upon which the Guaranteed Profit has been determined, the Directors (including the independent non-executive Directors whose views have been set forth in the Letter from the Independent Board Committee on pages 29 and 30 of this circular after taking into account the advice from the Independent Financial Adviser) are of the view that the Guaranteed Profit would be achievable and is fair and reasonable.

The terms of the profit guarantee allow a 5% buffer before an adjustment is triggered. The 5% buffer allowed before an adjustment to the Consideration is triggered was agreed as a matter of commercial negotiation between the parties to the Agreement in the context of the negotiation of the profit guarantee arrangements. The rationale for the 5% buffer is to relieve the parties from claims for adjustments to the Consideration which, in the context of the overall size of the Proposed Acquisition, can reasonably be regarded as below the threshold of materiality, and to reflect the commercial agreement that there is no upward adjustment to the Consideration, if the profit guarantee is exceeded. However, once an adjustment is triggered, the amount to be deducted from the Consideration is based on the whole shortfall, multiplied by the price earnings multiple of 23 times. No upward adjustment will be made to the Consideration in the event that the actual average annual audited consolidated net profit after tax of the Pinehill Group for the Guarantee Period exceeds the Guaranteed Profit.

Conditions Precedent

Completion is conditional upon and subject to the satisfaction of the following Conditions Precedent:

(1) Announcement of the Proposed Acquisition by ICBP in accordance with applicable rules and regulations of Indonesia.

(2) Approval of the Proposed Acquisition at a general meeting of shareholders convened by ICBP no later than 28 August 2020, in accordance with applicable rules and regulations of Indonesia.

(3) Approval of the Proposed Acquisition as a very substantial acquisition and a connected transaction of the Company under Chapters 14 and 14A, respectively, of the Listing Rules, by an ordinary resolution of Independent Shareholders passed at the SGM to be held by no later than 28 August 2020.

(4) Delivery by the Sellers of all prior written consents or waivers as may be required from creditors of the Sellers in connection with the Proposed Acquisition.

(5) Receipt by the Sellers of all corporate approvals as may be required under their respective memorandum and articles of association in connection with the Proposed Acquisition.

(6) Delivery by ICBP of all prior written consents or waivers as may be required from the respective creditors of ICBP and/or Indofood (as the case may be) in connection with the Proposed Acquisition.

(7) A facility agreement in relation to the financing of the Proposed Acquisition having been entered into by ICBP and all conditions to drawdown under such facility agreement having been satisfied.

The Conditions Precedent set forth in (1), (2) and (3) above cannot be waived. If any of the Conditions Precedent set forth in (1), (2) or (3) above is not fulfilled, ICBP and the Sellers shall not be obligated to fulfill the Conditions Precedent set forth in (4), (5), (6) and (7) above, and the Agreement shall terminate and cease to be binding on the parties.

The Agreement provides that upon satisfaction of the Conditions Precedent set forth in (1), (2) and (3) above, each of ICBP and the Sellers shall use all reasonable endeavours to fulfill the Conditions Precedent set forth in (4), (5), (6) and (7) above. The Agreement further provides that if any of the Conditions Precedent set forth in (4), (5), (6) and (7) above is not fulfilled or waived in accordance with the Agreement on or prior to the Long Stop Date, ICBP and the Sellers shall not be obliged to proceed to Completion and the Agreement shall thereafter terminate and cease to be binding on the parties.

If the Agreement is terminated as a result of the non-fulfilment of the Conditions Precedent, ICBP and the Sellers shall not have any liabilities towards each other under the Agreement arising out of such non-fulfilment of the Conditions Precedent.

As at the Latest Practicable Date, only the Condition Precedent set forth in (1) above has been fulfilled.

Completion

Completion shall take place on the date falling five Business Days after all of the Conditions Precedent are fulfilled or (if applicable) waived, or (to the extent permitted by applicable laws and regulations) such later date as mutually agreed in writing among the parties, but no later than the Long Stop Date (the "**Completion Date**").

FINANCIAL EFFECTS OF THE PROPOSED ACQUISITION

Following Completion, Pinehill will become a wholly-owned subsidiary of ICBP, and the financial results of the Pinehill Group will be consolidated into the Group's accounts. The unaudited pro forma financial information of the Enlarged Group illustrating the financial impact of the Proposed Acquisition on the results, assets and liabilities and cash flows of the Group is set out in Appendix IV to this circular.

Assets and liabilities

The audited consolidated total assets and total liabilities of the Group as at 31 December 2019, as extracted from the annual report of the Company for the financial year ended 31 December 2019, were approximately US$21,882.5 million (equivalent to HK$170,683.5 million) and US$13,124.5 million (equivalent to HK$102,371.1 million), respectively. Based on the unaudited pro forma financial information of the Enlarged Group as set out in Appendix IV to this circular, assuming Completion had taken place on 31 December 2019, the pro forma total assets and total liabilities of the Enlarged Group would have been increased to approximately US$25,939.5 million (equivalent to HK$202.3 billion) and US$15,871.2 million (equivalent to HK$123.8 billion) respectively.

Earnings

Following Completion, Pinehill will become a wholly-owned subsidiary of ICBP and the revenue and costs of Pinehill will be consolidated into the financial results of the Group. The audited loss attributable to the owners of the Company for the financial year ended 31 December 2019 as extracted from the annual report of the Company for the year ended 31 December 2019 was approximately US$253.9 million (equivalent to HK$1,980.4 million). Based on the accountant's report of the Pinehill Group as set out in Appendix III to this circular, for the year ended 31 December 2019, Pinehill recorded profit attributable to the owners of the Company of approximately US$43.2 million (equivalent to HK$337.0 million), and recurring profit of US$77.6 million (equivalent to HK$605.3 million), respectively.

According to the unaudited pro forma financial information of the Enlarged Group as set out in Appendix IV to this circular, if the Proposed Acquisition had been completed on 1 January 2019, the pro forma recurring profit of the Enlarged Group for the year ended 31 December 2019 would have been increased to approximately US$293.0 million (equivalent to HK$2,285.4 million) from approximately US$290.0 million (equivalent to HK$2,262.0 million). The pro forma loss of the Enlarged Group for the year ended 31 December 2019 attributable to the owners of the Company would have been improved to approximately US$250.8 million (equivalent to HK$1,956.2 million) from approximately US$253.9 million (equivalent to HK$1,980.4 million).

According to the unaudited pro forma financial information of the Enlarged Group as set out in Appendix IV to this circular, if the Guaranteed Profit of US$128.5 million (equivalent to HK$1,002.3 million) is met by the Pinehill Group for the year ended 31 December 2019 instead of recurring profit of US$77.6 million (equivalent to HK$605.3 million), the pro forma recurring profit of the Enlarged Group would have been increased to approximately US$313.5 million (equivalent to HK$2,445.3 million) from approximately US$290.0 million (equivalent to HK$2,262.0 million). If the Guaranteed Profit of US$128.5 million (equivalent to HK$1,002.3 million) is met by the Pinehill Group for the year ended 31 December 2019 instead of net profit of US$43.2 million (equivalent to HK$337.0 million), the pro forma loss of the Enlarged Group for the year ended 31 December 2019 attributable to the owners of the Company would have been improved to approximately US$216.4 million (equivalent to HK$1,687.9 million) from approximately US$253.9 million (equivalent to HK$1,980.4 million).

Further details on the unaudited pro forma financial information of the Enlarged Group are set out in “Appendix IV — Unaudited Pro Forma Financial Information of the Enlarged Group” to this circular.

INFORMATION ON THE PINEHILL GROUP

Pinehill is an investment holding company established under the laws of the BVI and owning:

(1) 59% of Pinehill Arabia Food Limited, a company incorporated in the Kingdom of Saudi Arabia which is primarily engaged in instant noodle manufacturing in the Kingdom of Saudi Arabia;

(2) the entire issued share capital of Platinum Stream Profits Limited, a holding company incorporated in the BVI, which owns 48.99% of Dufil Prima Foods Plc, a public company incorporated in the Federal Republic of Nigeria. Dufil Prima Foods Plc and its consolidated subsidiaries are primarily engaged in instant noodle manufacturing in the Federal Republic of Nigeria and the Republic of Ghana;

(3) 59% of Salim Wazaran Group Limited, a holding company incorporated in the BVI. Salim Wazaran Group Limited and its subsidiaries are engaged in the manufacturing and distribution of instant noodle in the Republic of Egypt, the Republic of Kenya, the Kingdom of Morocco and the Republic of Serbia; and

(4) 59% of Salim Wazaran Gida Sanayi ve Yatirim Anonim Sirketi, a company incorporated in the Republic of Turkey. Salim Wazaran Gida Sanayi ve Yatirim Anonim Sirketi is a holding company owning 80% of Adkoturk Gida Sanayi ve Ticaret Limited Sirketi, a company incorporated in the Republic of Turkey and primarily engaged in instant noodle manufacturing in the Republic of Turkey.

Financial Information of the Pinehill Group

The financial information of the Pinehill Group set forth below is extracted from its audited consolidated financial statements prepared in accordance with IFRS for the two financial years ended 31 December 2019 and 31 December 2018:

(1) For the financial year ended 31 December 2019, Pinehill's audited consolidated profit before taxation was US$125.0 million (approximately HK$975.0 million) and Pinehill's audited consolidated profit after taxation attributable to its shareholders was US$43.2 million (approximately HK$337.0 million).

(2) For the financial year ended 31 December 2018, Pinehill's audited consolidated profit before taxation was US$87.2 million (approximately HK$680.2 million) and Pinehill's audited consolidated profit after taxation attributable to its shareholders was US$41.8 million (approximately HK$326.0 million).

(3) Pinehill's core profit (being the profit attributable to the owners of the Pinehill Group after excluding the effects of foreign exchange and interest expenses in head office) was US$77.6 million (approximately HK$605.3 million) for the financial year ended 31 December 2019 and US$55.1 million (approximately HK$429.8 million) for the financial year ended 31 December 2018. The relevant interest expenses in head office of US$34.5 million (approximately HK$269.1 million) and US$10.9 million (approximately HK$85.0 million) for the years ended 31 December 2019 and 2018 were related to borrowings raised by Pinehill to fund other business initiatives of its shareholders.

(4) As at 31 December 2019, Pinehill's audited consolidated total equity was approximately US$246.3 million (approximately HK$1.9 billion) and its audited consolidated net asset value attributable to its shareholders was US$174.3 million (approximately HK$1,359.5 million).

INFORMATION ON THE COMPANY, INDOFOOD AND ICBP

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, infrastructure, natural resources and telecommunications.

The Company holds approximately 50.1% of the issued share capital of Indofood, which is a consolidated subsidiary of the Company. Indofood 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. Indofood is based in Indonesia and its shares are listed on the IDX.

Indofood holds approximately 80.5% of ICBP. ICBP is a leading Indonesian consumer branded food products company. ICBP's products include noodles, dairy, snack foods, food seasonings, nutrition and special foods and beverages. ICBP also operates a packaging business, producing both flexible and corrugated packaging, to support its main consumer branded food products business. ICBP's products are present in more than 60 countries globally. ICBP is listed on the IDX with a market capitalisation of approximately US$8.7 billion (equivalent to approximately HK$67.6 billion) as at 31 December 2019.

INFORMATION ON THE SELLERS

Pinehill Corpora

Pinehill Corpora is a consortium established under the laws of the BVI. Its principal business is to hold its investment in Pinehill.

As set forth in the paragraph headed "Listing Rules Implications" below, Pinehill Corpora is a consortium indirectly owned as to 49% by Mr. Salim. As a result of the indirect beneficial ownership of Mr. Salim in Pinehill Corpora, Pinehill Corpora is a connected person of the Company. A relative (as defined in the Listing Rules) of Mr. Salim indirectly beneficially owns 8.3% of Pinehill Corpora. The remaining 42.7% of Pinehill Corpora is held by independent third parties.

Steele Lake

Steele Lake is a company established under the laws of the BVI. Its principal business is to hold its investment in Pinehill.

Steele Lake is beneficially owned by ASM Telok Ayer Fund, a discretionary investment fund managed and ultimately controlled by Argyle Street Management Limited ("**ASM**"). ASM is an asset manager, licensed by the SFO, that operates in Southeast Asia and Greater China. It was founded in 2002 and is based in Hong Kong. Other funds managed by ASM are co-investors in two other unrelated investments with one of the entities controlled by Mr. Salim and Mr. Salim is the sole shareholder of an entity which is a limited partner in one of the other unrelated funds managed by ASM.

Subject to the foregoing, to the best of the knowledge, information and belief of the Directors having made all reasonable enquiry, Steele Lake and its ultimate beneficial owners are third parties independent of the Company and independent from the connected persons (as defined in the Listing Rules) of the Company.

REASONS FOR AND BENEFITS OF THE PROPOSED ACQUISITION

Reasons for and benefits of the Proposed Acquisition are set forth below:

(1) the Proposed Acquisition of the Pinehill Group, whose main business is in the manufacturing and distribution of instant noodles in Africa, Middle East and South Eastern Europe, is directly in-line with the development and expansion of ICBP's core business;

(2) the Proposed Acquisition is expected to enable ICBP to gain a strategic position in new growth markets in which Halal products are the primary choice, given that all the categories of the ICBP group's noodle products are also Halal;

(3) the Pinehill Group has a strong market share in eight countries in Africa, Middle East and South Eastern Europe. The Proposed Acquisition is expected to enable ICBP to become a global food player and food products manufacturer with a strong global market share in the instant noodles market;

(4) the Pinehill Group currently has 12 instant noodles manufacturing facilities, located in eight countries with a total population of more than approximately 550 million people, and has distribution networks in 33 countries/territories with a total population of more than approximately 885 million people. The acquisition of the Pinehill Group, which has a total annual capacity of producing more than around ten billion packs of instant noodles and already occupies dominant market positions in most of its markets, is expected to help establish ICBP as one of the leading instant noodle manufacturers in the world. ICBP supplies flavorings and packaging to Pinehill, giving ICBP deep understanding of Pinehill's markets and makes ICBP well placed to drive expansion into new flavors and product categories, and into new demographic and geographic markets;

(5) ICBP's provision of technical services in connection with the instant noodles manufacturing operation ensures that equipment and machinery used in instant noodle production at Pinehill factories are sourced from the same suppliers as the equipment and machinery used at ICBP's 18 noodle plants in Indonesia and Malaysia. Procedures and policies are modelled on those at ICBP, to ensure good manufacturing processes of the Pinehill Group and consistency for the "Indomie" brand. ICBP's technical services to Pinehill gives ICBP an intimate knowledge of Pinehill's operations and confidence that integration with ICBP poses little risk;

(6) the Pinehill Group's extensive manufacturing facilities and distribution networks in Africa, the Middle East and South Eastern Europe offer valuable and readily available platforms for ICBP to distribute and manufacture its wide ranging consumer-branded products, which are currently mainly produced and distributed in Indonesia, in the Pinehill Group's fast-growing markets;

(7) Following the acquisition of Pinehill, ICBP plans to further deepen integration of Pinehill into ICBP's operational and financial management with cost savings and further synergies to follow;

(8) the Pinehill Group's markets, which cover a total population of more than three times the population of Indonesia are growing very rapidly. With an average consumption of instant noodles per capita that is still very low, the rapid growth in these markets is expected to continue in the foreseeable future. Thus, the acquisition of the Pinehill Group is expected to contribute to the future growth of ICBP and, indirectly, the Company. ICBP has published details of this analysis at https://www.indofoodcbp.com/uploads/document/ICBP-Iklan%20 Acquisition% 20Transactin%20Pinhill.pdf; and

(9) following Completion, continuing connected transactions between associates of Mr. Anthoni Salim and members of the Group as described in "Appendix V – 6. Material Interests in Contract or Arrangement – A. Transactions relating to the Noodles Business of the Indofood Group" would be substantially eliminated, the effect of which is in line with the Group's efforts to reduce continuing connected transactions as part of its corporate governance policies.

SANCTIONS CONSIDERATIONS

Pinehill Arabia Food Ltd., one of the operating subsidiaries of the Pinehill Group, exports instant noodles to Iraq from Saudi Arabia. The export sales to Iraq represented approximately 11.4%, 10.2% and 10.9% of the total sales of the Pinehill Group for the years ended 31 December 2017, 2018 and 2019, respectively. In terms of the Enlarged Group's total sales, export to Iraq only represented 0.5%, 0.5% and 0.7% for the years ended 31 December 2017, 2018 and 2019, respectively. The Pinehill Group also exports instant noodles to the United Arab Emirates ("**UAE**") from Saudi Arabia and manufactures instant noodles in countries including Saudi Arabia, Egypt and Turkey. The Pinehill Group is not subject to any sanctions imposed by any entity or jurisdictions.

As part of the due diligence review conducted by ICBP in connection with the Proposed Acquisition, the Group engaged an international law firm to assist with certain aspects of the due diligence, specifically, to advise the Group on whether the Proposed Acquisition would raise sanctions compliance concerns for the Group.

Separately, the Company also engaged a second international law firm to provide their views on whether the Proposed Acquisition would raise any sanctions compliance concerns for the Company.

A summary of the legal position relating to sanctions and any potential impact on the Enlarged Group as a result of the Proposed Acquisition is set forth below:

The United States of America ("U.S.")

The U.S. imposes various economic sanctions against targeted countries, groups, and individuals. U.S. sanctions are generally administered by the U.S. Department of the Treasury's Office of Foreign Assets Control ("**OFAC**"). Before the fall of Saddam Hussein's regime, the United States imposed near-comprehensive sanctions on the Iraq regime from 1990 until 2004. However, Iraq is presently subject to only U.S. list-based measures, which target a relatively small number of individuals and entities located in Iraq who have been sanctioned by OFAC for violating sanctions programs aimed at curbing certain types of behaviour (such as terrorism) or certain dealings in other targeted countries. There are currently no comprehensive U.S. prohibitions on transactions involving Iraq. With respect to the other four jurisdictions, the U.S. does not now operate, nor has it previously operated, a sanctions program targeting Saudi Arabia, Egypt, the UAE, or Turkey. Nonetheless, as with Iraq, certain individuals and entities located in each of these jurisdictions have been sanctioned by OFAC for violating sanctions programs aimed at curbing certain types of behavior or certain dealings in other targeted countries. The number of OFAC-sanctioned parties in each of these jurisdictions presently ranges from less than 20 in Saudi Arabia to approximately 150 in the UAE.

United Nations ("UN")

Similar to the U.S. measures described above, before the fall of Saddam Hussein's regime, the United Nations imposed broad sanctions on Iraq from 1990 until 2003. However, effective 22 May 2003, UN Security Council Resolution 1483 formally ended the UN sanctions regime in Iraq. As a result, no comprehensive UN sanctions are presently in effect with respect to any of the five countries.

European Union ("EU")

The current activities of the Pinehill Group and the Proposed Acquisition do not raise compliance concerns under EU sanctions measures provided no designated (i.e. restricted) parties are involved.

Summary and the Company's view on sanctions considerations

While prudence is necessary with respect to the Pinehill Group's selection of potential counterparties in all of the jurisdictions it operates, neither U.S., EU nor UN sanctions comprehensively prohibit dealings with Iraq, Saudi Arabia, Egypt, the UAE, or Turkey.

Having regard to the foregoing and having relied on its own independent assessment taking into account the opinion or advice of the international legal counsels described above, the Company is of the view that the applicable laws, rules and regulations relating to sanctions do not pose a risk to the Group, the Enlarged Group, the Company's investors, the Shareholders or persons who might, directly or indirectly, be involved in permitting the listing, trading and clearing of the Shares (including the Stock Exchange and its related group companies), under the U.S., UN or EU measures currently in effect.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios calculated in accordance with the Listing Rules in respect of the Proposed Acquisition exceeds 100%, the Proposed Acquisition constitutes a very substantial acquisition for the Company under Chapter 14 of the Listing Rules, which is subject to the reporting, announcement and Shareholders' approval requirements of Chapter 14 of the Listing Rules.

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. Salim, the Chairman of the Board, a substantial shareholder of the Company, the President Director and CEO of Indofood and the President Director and CEO of ICBP. As a result of the indirect beneficial ownership of Mr. Salim in Pinehill Corpora, Pinehill Corpora is a connected person of the Company. Pinehill, a 51% owned subsidiary of Pinehill Corpora, is therefore also a connected person of the Company.

The Proposed Acquisition therefore also constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules which is subject to the reporting, announcement and Independent Shareholders' approval requirements of Chapter 14A of the Listing Rules.

At the relevant Board meeting, Mr. Salim and Mr. Axton Salim (a non-executive Director and an associate of Mr. Salim), each considered to have a material interest in the Proposed Acquisition, both abstained from voting on the resolution to approve the Proposed Acquisition. None of the other Directors has a material interest in the Proposed Acquisition.

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee (comprising all the independent non-executive Directors) has been formed in accordance with Chapter 14A of the Listing Rules to advise the Independent Shareholders on the Proposed Acquisition. The letter from the Independent Board Committee is set forth on pages 29 and 30 of this circular.

In this connection, Somerley has been appointed by the Company as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Proposed Acquisition. The letter from Somerley is set out on pages 31 to 86 of this circular.

NOTICE OF SGM

The Company will convene the SGM at 10:00 a.m. on Friday, 17 July 2020 at Jasmine to Stork Room, 1st Floor, Mandarin Oriental Hong Kong, 5 Connaught Road Central, Hong Kong at which a resolution will be proposed for the purpose of considering and, if thought fit, approving the Proposed Acquisition. The notice of the SGM is set out on pages SGM-1 to SGM-2 of this circular.

Any Shareholder with a material interest in the Proposed Acquisition and his/her/its close associates will be required to abstain from voting on the ordinary resolution to approve the Proposed Acquisition. As at the Latest Practicable Date, Mr. Salim and his associate(s) are interested in 1,925,474,957 Shares in aggregate, representing approximately 44.3% of the issued share capital of the Company, and are required to abstain from voting on the resolution to approve the Proposed Acquisition to be proposed at the SGM. Save as aforesaid, to the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, no other Shareholder is required to abstain from voting on the resolution to approve the Proposed Acquisition at the SGM.

Pursuant to Rule 13.39(4) of the Listing Rules and the Bye-laws of the Company currently in force, the vote of the Independent Shareholders at the SGM must be taken by poll. An announcement on the poll vote results will be published by the Company after the SGM in the manner prescribed under Rule 13.39(5) of the Listing Rules.

PRECAUTIONARY MEASURES FOR THE SGM

In light of the continuing risks posed by COVID-19, First Pacific Company Limited is adopting the following precautionary measures at the SGM in order to safeguard the health and safety of our Shareholders who might be attending the SGM in person:

(1) Compulsory temperature screening/checks will be carried out on every attendee at the entrance of the SGM venue. Any person with a body temperature above the reference range quoted by the Department of Health from time to time, or is exhibiting flu-like symptoms may be denied entry into the SGM venue and will be requested to leave the SGM venue.

(2) A Health Declaration Form will be provided to every attendee for completion at the entrance of the SGM venue. Every attendee will have to submit a completed and signed Health Declaration Form prior to entry into the SGM venue.

(3) Every attendee will be required to wear a surgical face mask at the SGM venue and throughout the SGM and to sit at a distance from other attendees. **Please note that no masks will be provided at the SGM venue and attendees should bring and wear their own masks.**

(4) No serving of food or drinks to attendees at the SGM.

(5) No corporate gifts will be distributed at the SGM.

(6) Shareholders attending the SGM in person will be accommodated in separate meeting rooms or partitioned areas with not more than 50 persons in each room.

To the extent permitted under law, the Company reserves the right to deny entry into the SGM venue or require any person to leave the SGM venue so as to ensure the health and safety of the other attendees at the SGM.

Due to the constantly evolving COVID-19 pandemic situation in Hong Kong, the Company may be required to change the SGM arrangements at short notice. Shareholders should check the Company's website for future announcements and updates on the SGM arrangements.

Voting by proxy in advance of the SGM: The Company does not in any way wish to diminish the opportunity available to our Shareholders to exercise their rights and to vote, but are conscious of the pressing need to protect them from possible exposure to the COVID-19 pandemic. For the health and safety of our Shareholders, the Company would like to encourage Shareholders to exercise their right to vote at the SGM by appointing the Chairman of the SGM as their proxy instead of attending the SGM in person. Physical attendance is not necessary for the purpose of exercising rights of the Shareholders.

The deadline to submit completed proxy forms is not less than 48 hours before the time appointed for the holding of the SGM, which is Wednesday, 15 July 2020 at 10:00 a.m.. Completed proxy forms must be deposited at the Company's Hong Kong Branch Share Registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, before the deadline.

Appointment of proxy by non-registered Shareholders: Non-registered Shareholders whose Shares are held through banks, brokers, custodians or the Hong Kong Securities Clearing Company Limited should consult directly with their banks or brokers or custodians (as the case may be) to assist them in the appointment of proxy.

If Shareholders have any questions relating to the SGM, please contact the Company's Hong Kong Branch Share Registrar, Computershare Hong Kong Investor Services Limited, as follows:

Computershare Hong Kong Investor Services Limited
17M Floor, Hopewell Centre
183 Queen's Road East
Wanchai, Hong Kong
Telephone: (852) 2862 8555
Facsimile: (852) 2865 0990
Email: hkinfo@computershare.com.hk

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 14 July 2020 to Friday, 17 July 2020 (both days inclusive) for the purpose of determining the entitlement to vote at the SGM. No transfer of Shares may be registered during such period. In order to qualify for the entitlement to vote at the SGM, all forms for transfer of Shares duly accompanied by the relevant certificates must be lodged with the Company's Branch Share Registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong by no later than 4:30 p.m. on Monday, 13 July 2020.

RECOMMENDATION

The Directors (including the independent non-executive Directors whose views have been set forth in the Letter from the Independent Board Committee on pages 29 and 30 of this circular after taking into account the advice from the Independent Financial Adviser) are of the view that the terms of the Proposed Acquisition are fair and reasonable, and that the Proposed Acquisition is on normal commercial terms (as far as the Company is concerned) and in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the resolution to approve the Proposed Acquisition at the SGM.

RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

GENERAL

Completion of the Proposed Acquisition is subject to fulfillment of the conditions precedent set forth in the Agreement and summarised in this circular. The Proposed Acquisition may or may not proceed to Completion. Shareholders and potential investors in the Company are advised to exercise caution when dealing in the securities of the Company.

The English text of this circular, the notice of the SGM and the form of proxy for use at the SGM shall prevail over the Chinese text in case of inconsistency.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this circular.

Yours faithfully,

For and on behalf of the Board of
First Pacific Company Limited
Manuel V. Pangilinan
Managing Director and CEO

FIRST PACIFIC COMPANY LIMITED
第一太平有限公司

(Incorporated with limited liability under the laws of Bermuda)
Website: www.firstpacific.com
(Stock Code: 00142)

24th Floor,
Two Exchange Square
8 Connaught Place
Central
Hong Kong

23 June 2020

To the Independent Shareholders

Dear Sir or Madam,

VERY SUBSTANTIAL ACQUISITION AND CONNECTED TRANSACTION

PROPOSED ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL OF PINEHILL COMPANY LIMITED BY PT INDOFOOD CBP SUKSES MAKMUR TBK

We refer to the circular of the Company (the "**Circular**") dated 23 June 2020 and despatched to the Shareholders of which this letter forms part. Unless the context requires otherwise, terms and expressions defined in the Circular shall have the same meanings in this letter.

We have been appointed to form the Independent Board Committee to advise the Independent Shareholders in respect of the terms of the Proposed Acquisition, details of which are set out in the section headed "Letter from the Board" of the Circular. Somerley Capital Limited has been appointed to advise the Independent Shareholders and us in this regard.

Details of the advice and the principal factors and reasons Somerley Capital Limited has taken into consideration in rendering its advice, are set out in the section headed "Letter from the Independent Financial Adviser" of the Circular. Your attention is also drawn to the additional information set out in the Circular. Having taken into account the terms of the Proposed Acquisition and the advice of Somerley Capital Limited, we are of the opinion that (1) the terms of the Proposed Acquisition are fair and reasonable, (2) the Proposed Acquisition is on normal commercial terms, (3) although the Proposed Acquisition is within, and complementary to, a core business of the Group (which is engaged, through Indofood and ICBP, in the manufacture and distribution of instant noodles), due to the size, connectedness, infrequency and strategic significance of the Proposed Acquisition it is not a transaction in the ordinary and usual course of business of the Group and (4) the Proposed Acquisition is in the interests of the Company and its Shareholders as a whole.

We, therefore, recommend that you vote in favour of the resolution to be proposed at the Special General Meeting to be convened to approve the Proposed Acquisition.

Yours faithfully,
First Pacific Company Limited
Independent Board Committee

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

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

Philip Fan Yan Hok
Independent Non-executive Director

Madeleine Lee Suh Shin
Independent Non-executive Director

Blair Chilton Pickerell
Independent Non-executive Director

The following is the full text of a letter of advice from Somerley Capital Limited to the Independent Board Committee and the Independent Shareholders in relation to the Proposed Acquisition, which has been prepared for the purpose of inclusion in this Circular.

SOMERLEY CAPITAL LIMITED
20th Floor
China Building
29 Queen's Road Central
Hong Kong

23 June 2020

To: The Independent Board Committee and the Independent Shareholders

Dear Sirs,

VERY SUBSTANTIAL ACQUISITION AND CONNECTED TRANSACTION

PROPOSED ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL OF PINEHILL COMPANY LIMITED BY PT INDOFOOD CBP SUKSES MAKMUR TBK

INTRODUCTION

We refer to our appointment to advise the Independent Board Committee and the Independent Shareholders in connection with the Proposed Acquisition and the transactions contemplated therein. Details of the Proposed Acquisition are set out in the letter from the Board contained in the circular of First Pacific (together with its subsidiaries, the "**First Pacific Group**") (the "**Circular**") to its shareholders dated 23 June 2020, of which this letter forms part. Unless otherwise defined, terms used in this letter shall have the same meanings as those defined in the Circular.

As stated in the Circular, the Board announced that on 22 May 2020 (after trading hours of the Stock Exchange) ICBP (together with its subsidiaries, the "**ICBP Group**") and the Sellers entered into the Agreement pursuant to which ICBP has conditionally agreed to purchase, and the Sellers have conditionally agreed to sell, the Sale Shares representing the entire issued share capital of Pinehill, for the Consideration of US$2,998 million (equivalent to approximately HK$23.4 billion) (subject to adjustment).

As one or more of the applicable percentage ratios calculated in accordance with the Listing Rules in respect of the Proposed Acquisition exceeds 100%, the Proposed Acquisition constitutes a very substantial acquisition for First Pacific under Chapter 14 of the Listing Rules, which is subject to the reporting, announcement and Shareholders' approval requirements of Chapter 14 of the Listing Rules.

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. Salim, the Chairman of the Board, a substantial shareholder of First Pacific, the President Director and CEO of Indofood and the President Director and CEO of ICBP. As a result of the indirect beneficial ownership of Mr. Salim in Pinehill Corpora, Pinehill Corpora is a connected person of First Pacific. Pinehill, a 51% owned subsidiary of Pinehill Corpora, is therefore also a connected person of First Pacific.

The Proposed Acquisition therefore also constitutes a connected transaction of First Pacific under Chapter 14A of the Listing Rules which is subject to the reporting, announcement and Independent Shareholders' approval requirements of Chapter 14A of the Listing Rules.

The Independent Board Committee comprising all the independent non-executive Directors, namely Prof. Edward K.Y. Chen, *GBS, CBE, JP*, Mrs. Margaret Leung Ko May Yee, *SBS, JP*, Mr. Philip Fan Yan Hok, Ms. Madeleine Lee Suh Shin and Mr. Blair Chilton Pickerell, has been established to make a recommendation to the Independent Shareholders as to whether the terms of the Proposed Acquisition are on normal commercial terms, in the ordinary and usual course of business of First Pacific and are fair and reasonable and in the interests of First Pacific and its shareholders as a whole. Somerley Capital Limited has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in the same regard.

We are not associated or connected with First Pacific, Mr. Salim, ICBP, the Pinehill Group or their respective core connected persons or associates and, accordingly, are considered eligible to give independent advice on the Proposed Acquisition. In the two years prior to this appointment, we did not have other engagement with First Pacific or its associates except for having been the independent financial adviser to First Pacific relating to (i) the proposed spin-off of the First Pacific Group's hospital business in the Philippines which eventually did not proceed, details of which were set out in First Pacific's announcements dated 12 September 2019 and 14 October 2019; (ii) the duration of the service contract between Maynilad Water Services, Inc., and a consortium between D.M. Consunji, Inc. and JFE Engineering Corporation, details of which were set out in First Pacific's announcement dated 10 October 2019; (iii) the renewal of the continuing connected transactions entered into between members of Indofood Group and associates of Mr. Salim for 2020, 2021 and 2022, details of which were set out in First Pacific's announcement and circular dated 5 November 2019 and 29 November 2019 respectively; and (iv) the duration of the service contract between Maynilad Water Services, Inc., and a consortium between Acciona Agua, S.A. and D.M. Consunji, Inc., details of which were set out in First Pacific's announcement dated 29 January 2020. We do not consider our past engagements as independent financial adviser give rise to any conflict for Somerley Capital Limited to act as the independent financial adviser of the transactions contemplated under the Proposed Acquisition. Apart from normal professional fees payable to us in connection with this appointment, no arrangement exists whereby we will receive any fees or benefits from First Pacific, Mr. Salim, ICBP, the Pinehill Group or their respective core connected persons or associates.

In formulating our advice and recommendation, we have relied on the information and facts supplied, and the opinions expressed by the Directors and management of the First Pacific Group (the "**Management**") and the management of ICBP (the "**ICBP Management**"), which we have assumed in relation to the facts to be true, accurate and complete in all material aspects and in relation to any opinions to be fairly expressed and not misleading, and that this will continue to be true, accurate and complete up to the date of the SGM. We have reviewed the published information on the First Pacific Group, ICBP Group and the Pinehill Group, including but not limited to, (i) annual reports of First Pacific for the years ended 31 December 2018 (the "**2018 Annual Report**") and 31 December 2019 (the "**2019 Annual Report**"); (ii) annual reports of ICBP for each of the two years ended 31 December 2019 (collectively, the "**ICBP Annual Reports**"); (iii) information memorandum in relation to the Proposed Acquisition issued by ICBP; (iv) the terms to the Agreement entered between the Sellers and ICBP; and (v) other information contained in the Circular. We have also reviewed certain projections of Pinehill's performance on a market-by-market basis and have discussed them with the management of the Pinehill Group.

We have also sought and received confirmation from the First Pacific Group that no material facts have been omitted from the information supplied by them and that their opinions expressed to us are not misleading in any material respect. We consider that the information we have received is sufficient for us to formulate our opinion and recommendation as set out in this letter and have no reason to believe that any material information has been omitted or withheld, nor to doubt the truth or accuracy of the information provided to us. We have not, however, conducted any independent investigation into the business and affairs of the First Pacific Group or ICBP Group or the Pinehill Group, nor have we carried out any independent verification of the information supplied.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion and recommendation with regard to the Proposed Acquisition, we have taken into account the following principal factors and reasons:

1. Information on the First Pacific Group

First Pacific is a limited liability company incorporated in Bermuda and its shares have been listed on the Main Board of the Stock Exchange since September 1988.

First Pacific is a Hong Kong-based investment management and holding company for operations located principally in Indonesia and the Philippines. Its principal business interests relate to consumer food products, telecommunications, infrastructure and natural resources. Set out below is the First Pacific Group's principal investments, amongst others, as at 31 December 2019:

Company	Principal business
Consumer food products	
Indofood (IDX: INDF)	Indofood 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. Indofood, in which First Pacific has a 50.1% economic interest, is based and listed in Indonesia. Indofood currently holds approximately 80.5% economic interests in ICBP which is the purchaser of the Proposed Acquisition. ICBP (IDX: ICBP) was listed on the Indonesia Stock Exchange on 7 October 2010 and is one of the leading players in the consumer branded products sector. Its businesses are diversified across noodles, dairy, snack foods, food seasonings, nutrition and special foods and beverages. Further information on ICBP is set out in section headed "2. Information on the ICBP Group" below.
FP Natural Resources	FP Natural Resources Limited ("**FP Natural Resources**"), together with its Philippine affiliate, First Agri Holdings Corporation, hold 62.9% economic interests in Roxas Holdings, Inc. ("**RHI**") (PSE: ROX). RHI, listed in the Philippines, is one of the largest raw sugar producers and sugar refiners and the largest ethanol producer in the Philippines.
Telecommunications	
PLDT (PSE: TEL; The New York Stock Exchange: PHI)	PLDT Inc. ("**PLDT**") offers a wide range of telecommunications services across the Philippines' most extensive fiber optic backbone and fixed line, and cellular networks. First Pacific has a 25.6% economic interest in PLDT.

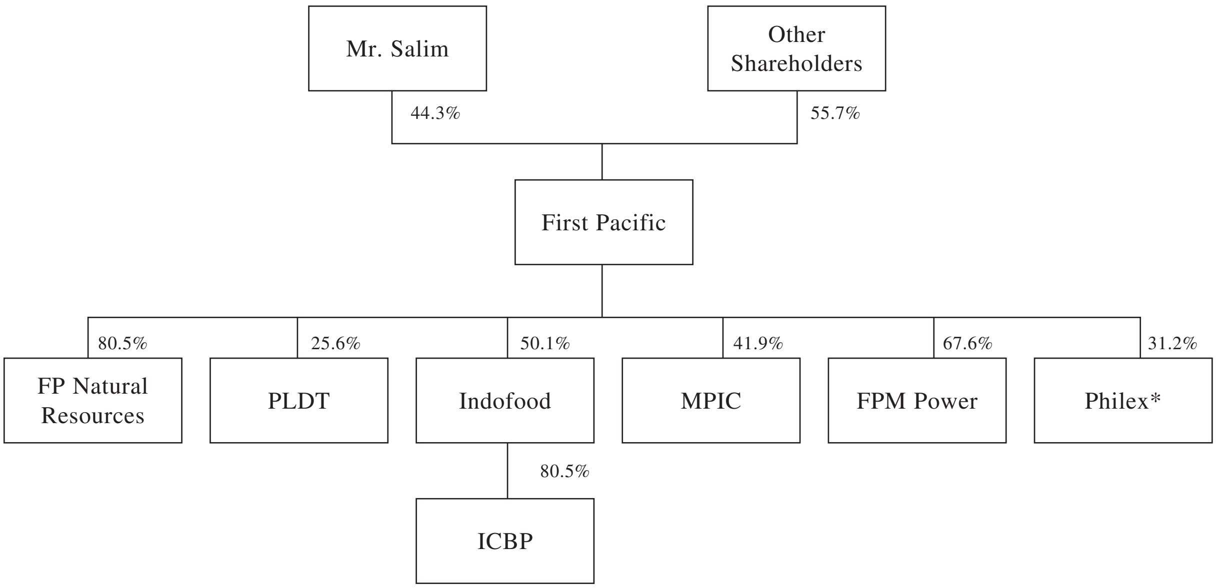
Infrastructure, utilities and healthcare

MPIC (PSE: MPI; American Depositary Receipts code: MPCIY)	Metro Pacific Investments Corporation ("**MPIC**", together with its subsidiaries, the "**MPIC Group**"), in which First Pacific has economic interests of around 41.9% and 54.9% voting interest, is a Philippine-listed infrastructure investment management and holding company in the Philippines, with investments in the country's largest electricity distributor, toll road operator, water distributor and hospital group.
FPM Power	FPM Power Holdings Limited ("**FPM Power**") controls PacificLight Power Pte. Ltd ("**PLP**"), which is the operator of one of Singapore's most efficient gas-fired power plants, housing an 800-megawatt natural gas-fired combined cycle facility. First Pacific has a 67.6% economic interest in FPM Power, which in turn holds a 70% economic interest in PLP.

Natural resources

Philex (PSE: PX)	Philex Mining Corporation ("**Philex**"), which is listed on the Philippines Stock Exchange ("**PSE**"), is engaged in the exploration and mining of mineral resources in Philippines and, through its investments in PXP Energy Corporation ("**PXP**") (PSE: PXP), in oil and gas exploration. First Pacific has a 31.2% economic interest in Philex and a 35.7% economic interest in PXP. Two Rivers Pacific Holdings Corporation, a Philippine affiliate of the First Pacific Group, holds 15.0% economic interest in Philex and 6.7% economic interest in PXP, respectively.

Set out below is a simplified group chart of the First Pacific Group as at 31 December 2019:



Note: The percentages above denote the economic interest of First Pacific to the respective investments. Please see below regarding the voting interests of First Pacific to the respective investments:

Indofood: 50.1%
FP Natural Resources: 70.0%
PLDT: 15.1%
MPIC: 54.9%
FPM Power: 60.0%
Philex: 31.2%

* Two Rivers Pacific Holding Corporation, a Philippine affiliate of First Pacific, holds additional 15.0% economic interest in Philex

Below is an analysis of results by individual company as extracted from the 2018 Annual Report and 2019 Annual Report:

For the year ended 31 December *US$ millions*	Turnover			Contribution to Group profit[i]		
	2019	**2018**	**2017**	**2019**	**2018**	**2017**
Indofood[ii]	**5,414.4**	**5,136.1**	**5,237.5**	**163.4**	**134.7**	**148.0**
PLDT[iii]	–	–	–	119.3	120.7	124.8
MPIC	1,709.5	1,575.8	1,240.8	126.8	120.9	118.3
FPW Singapore Holdings Pte. Ltd[iv]	–	–	–	2.8	21.2	30.3
Philex[iii]	–	–	–	1.0	2.9	12.7
FPM Power	713.4	728.6	565.4	(10.5)	(6.2)	(11.0)
FP Natural Resources	217.4	301.9	253.1	(7.2)	(0.3)	(2.6)
Contribution from operations[v]	8,054.7	7,742.4	7,296.8	395.6	393.9	420.5

Notes:

(i) After taxation and non-controlling interests, where appropriate.

(ii) ICBP is a principal operating subsidiary of Indofood contributing over 50% of the total net sales and over 60% of the total segment income from operations of Indofood for each of the three financial years ended 31 December 2017, 2018 and 2019. Further information on ICBP is set out in section headed "2. Information on the ICBP Group" below.

(iii) Associated companies.

(iv) A joint venture and was disposed of on 16 December 2019.

(v) Contribution from operations represents the recurring profit contributed to the First Pacific Group by its operating companies.

As at the Latest Practicable Date, First Pacific has an approximately 50.1% economic interest in Indofood which in turn holds approximately 80.5% economic interests in ICBP. As shown from the table above, Indofood, has contributed (i) around 71.8%, 66.3% and 67.2% of the total turnover of the First Pacific Group; and (ii) around 35.2%, 34.2% and 41.3% of the First Pacific Group's profit from operations, for the years ended 31 December 2017, 2018 and 2019, respectively.

ICBP is a principal operating subsidiary of Indofood, which is in turn, a key subsidiary of the First Pacific Group. As reported in the annual reports of Indofood for each of the financial year ended 31 December 2018 and 2019, the consumer branded products segment of Indofood, which is operated by ICBP, has contributed over 50% of the total revenue and over 60% of the total segment income from operations of Indofood for each of the three financial years ended 31 December 2017, 2018 and 2019. The business activities carried out by ICBP include, among others, the production of noodles and food ingredients, culinary food products, snacks, nutrition and special foods, non-alcoholic beverages, packaging, trading, management consulting services and research and development. For each of the past three years ended 31 December 2019, over 80% of the income from operations reported by ICBP were derived from the operations of the instant noodles business.

As at the Latest Practicable Date, ICBP is listed on the Indonesia Stock Exchange with a market capitalization of approximately US$7.4 billion, which was considerably larger than both its immediate parent Indofood (with a market capitalisation of approximately US$4.1 billion) and its ultimate parent company First Pacific (with a market capitalisation of US$901.3 million). ICBP has reported continued growth in profitability in the past three years. As at 31 December 2019, ICBP was in net cash position and in FY2019, it has EBITDA (as defined below) of approximately US$614.7 million. Further information on ICBP is discussed in detail under section headed "2. Information on the ICBP Group" below.

Information in relation to the historical financial position and performance of the First Pacific Group are discussed under the section headed "7. Financial information of the First Pacific Group and financial effects of the Proposed Acquisition" below.

2. Information on the ICBP Group

ICBP is a principal operating subsidiary of the First Pacific Group. ICBP originated from the consumer branded product group (the "**CBP Group**") of its immediate parent company, Indofood, and the CBP Group began business operations in 1982 with the production of instant noodles.

ICBP became listed on the Indonesia Stock Exchange on 7 October 2010 and is one of the leading players in the consumer branded products sector, in particular, in the instant noodles market. Its businesses are diversified across noodles, dairy, snack foods, food seasonings, nutrition and special foods and beverages. ICBP is one of the world's largest instant noodles manufacturers. "Indomie", the flagship brand of ICBP's instant noodles, has strong brand identity in the Indonesian market. "Supermi", "Sarimi" and "Sakura" are also firmly entrenched household brands in bag noodles, whilst each of "Pop Mie" and "Sarimi Gelas" is respectively the market leader in the cup noodles and one of the leading players in mug noodles categories. As explained to us by the ICBP Management, the management personnel who developed Pinehill's main markets of Saudi Arabia and Nigeria were previously ICBP executives. As at 31 December 2019, ICBP had 17 factories in Indonesia and one in Malaysia for its noodles business with a total annual production capacity of 19 billion packs over a broad range of varieties. In the past 25 years, Indofood have been developing their noodle business outside Indonesia by having business arrangements whereby Indofood has been granting trademark licences and providing technical assistance to the Pinehill Group for manufacturing and distributing Indofood branded instant noodles in Africa, Middle East and Southeastern Europe whilst ICBP has been a supplier of food ingredients and packaging materials to the Pinehill Group (collectively, the "**Arrangements**"). Pinehill's targeted markets are in Africa, Middle East and South Eastern Europe, where it conducts business in partnership with its local business partners. In addition, ICBP operates a packaging business, producing both flexible and corrugated packaging to support its main consumer products business. ICBP's business operations are supported by more than 60 plants located in key areas across Indonesia. As at 31 December 2019, ICBP noodle products are present in more than 60 countries around the world.

(a) Historical financial performance of the ICBP Group

Set out below are key financial information on the ICBP Group prepared in accordance with the Indonesian financial reporting standards as extracted from the audited consolidated statements of profit or loss and other comprehensive income for the three financial years ended 31 December 2017 ("**FY2017**"), 2018 ("**FY2018**") and 2019 ("**FY2019**") (collectively, the **Period**") as extracted from the ICBP Annual Reports:

	For the year ended 31 December		
	2019	**2018**	**2017**
	(Audited)	*(Audited)*	*(Audited)*
	Rp millions	*Rp millions*	*Rp millions*
Net sales			
Noodles	27,031,192	24,731,537	22,679,563
Dairy	8,045,835	7,540,548	7,085,051
Snack foods	2,560,871	2,528,045	2,544,948
Food seasonings	1,793,834	943,206	862,866
Nutrition and special foods	980,743	837,727	718,580
Beverages	1,884,228	1,832,344	1,715,585
	42,296,703	38,413,407	35,606,593
Cost of sales and services	(27,892,690)	(26,147,857)	(24,547,757)
Gross profit	14,404,013	12,265,550	11,058,836
Selling and distribution expenses	(5,006,244)	(4,429,860)	(4,013,447)
General and administrative expenses	(2,119,627)	(2,063,933)	(1,667,733)
Other operating income/(expense)	121,975	676,164	(155,910)
Income from operations	7,400,117	6,447,921	5,221,746
Finance income	289,408	312,998	403,924
Finance costs	(161,444)	(225,568)	(153,935)
Final tax on interest income	(43,233)	(58,965)	(80,312)
Share in net (loss) of associates and joint ventures	(47,876)	(29,601)	(184,862)
Income before income tax expense	7,436,972	6,446,785	5,206,561
Income tax expense	(2,076,943)	(1,788,004)	(1,663,388)
Income for the year	5,360,029	4,658,781	3,543,173

	For the year ended 31 December		
	2019	**2018**	**2017**
	(Audited)	*(Audited)*	*(Audited)*
	Rp millions	*Rp millions*	*Rp millions*
Income for the year attributable to:			
Equity holders of the parent entity	5,038,789	4,575,799	3,796,545
Non-controlling interests	321,240	82,982	(253,372)
Total	5,360,029	4,658,781	3,543,173
Earnings before interest, taxes, depreciation and amortization ("**EBITDA**")	8,605,200	7,457,200	6,047,000
ICBP core profit	5,162,000	4,217,000	3,992,000
Dividends paid by ICBP based on previous year profit	2,274,072	1,889,229	1,795,934

Net sales

ICBP's activities are divided into 6 principal business segments namely, (i) noodles, (ii) dairy; (iii) snack foods; (iv) food seasonings; (v) nutrition and special foods; and (vi) beverages. Total net sales of ICBP for the Period were mainly attributable to its noodles division which accounted for over 60% of the total net sales of ICBP for each of the three financial years ended 31 December 2017, 2018 and 2019. As shown in the table above, net sales contributed by instant noodles division also showed continued growth by around 9.1% in FY2018 and around 9.3% in FY2019, as compared to the respective prior year.

Total net sales of ICBP for FY2018 increased by approximately 7.9% from approximately Rp35,606.6 billion (equivalent to approximately US$2,543.3 million) in FY2017 to approximately Rp38,413.4 billion (equivalent to approximately US$2,743.8 million). This increase was mainly a result of increases in sales value of, among others, the noodles division by approximately 9.1% (or approximately Rp2,052.0 billion (equivalent to approximately US$146.6 million)) and the dairy division by approximately 6.4% (or approximately Rp455.5 billion (equivalent to approximately US$32.5 million)). As disclosed in the ICBP Annual Reports, the increases in the noodles division and dairy division were directly driven by higher volume and average selling price during the year. Net sales for FY2019 increased by a further 10.1% to approximately Rp42,296.7 billion (equivalent to approximately US$3,021.2 million) in FY2019. Such increase was also due to growth in sales value across various products, amongst which, (i) the largest net sales contributor, noodles division, delivered strong performance both in domestic and overseas markets with total sales value increased by 9.3% (or approximately Rp2,299.7 billion (equivalent to approximately US$164.3 million)) driven by volume growth and higher average selling price; (ii) the dairy division posted a total sales value growth of around 6.7% (or approximately Rp505.3 billion (equivalent to approximately US$36.1 million)) mainly driven by higher liquid milk demand; and (iii) following the completion of the acquisition of the 50% stake in PT Nugraha Indah Citarasa Indonesia, a 50:50 joint venture company of ICBP, from Nestlé in October 2018, total sales value of food seasonings increased by around 90.2% (or approximately Rp850.6 billion (equivalent to approximately US$60.8 million)), which was full year sales as compared to 2-month consolidation in the previous year and due to both higher volume and average selling price, in FY2019.

Gross profit

Gross profit for FY2018 increased by approximately 10.9% from approximately Rp11,058.8 billion (equivalent to approximately US$789.9 million) in FY2017 to approximately Rp12,265.6 billion (equivalent to approximately US$876.1 million), with a increase in gross margin from around 31.1% to around 31.9% in FY2018. Gross profit for FY2019 increased by a further 17.4% to approximately Rp14,404.0 billion (equivalent to approximately US$1,028.9 million) with an increase in gross margin to around 34.1% in FY2019. Such increase was mainly a result of further increases in net sales and lower raw material costs.

Income from operations

Income from operations for FY2018 increased by approximately 23.5% from approximately Rp5,221.7 billion (equivalent to approximately US$373.0 million) in FY2017 to approximately Rp6,447.9 billion (equivalent to approximately US$460.6 million) in FY2018, which was mainly due to the increase in sales and relatively stable operating expenses despite higher selling, distribution and general & administrative expenses. This was due to higher foreign exchange gain and a gain arising from adjustment on fair value of investment in subsidiaries in 2018, in comparison with the impairment loss booked in 2017. Income from operations increased by a further 14.8% in FY2019 to approximately Rp7,400.1 billion (equivalent to approximately US$528.6 million) and supported with growth in net sales and favourable cost environment during the year.

For each of the past three years ended 31 December 2019, over 80% of the total segment income from operations reported by ICBP was derived from the noodles division. Segment income contributed from noodles division has continued to grow by around 9.2% in FY2018 and further by around 14.4% in FY2019, as compared to the respective prior year.

EBITDA

EBITDA of the ICBP Group has continued to improve over the past three financial years, which increased by around 23.3% from approximately Rp6,047.0 billion (equivalent to approximately US$431.9 million) in FY2017 to approximately Rp7,457.2 billion (equivalent to approximately US$532.7 million) in FY2018, and further increased by around 15.4% to approximately Rp8,605.2 billion (equivalent to approximately US$614.7 million) in FY2019. As provided by the ICBP Management, such increases were mainly attributable to the increase in net sales across the years and the absence of the one-off impairment loss on intangible assets, (which was recorded in FY2017) in FY2018 and FY2019.

Income for the year attributable to equity holders of the parent entity

Income for the year attributable to equity holders of the parent entity increased by approximately 20.5% from Rp3,796.5 billion (equivalent to approximately US$271.2 million) in FY2017 to approximately Rp4,575.8 billion (equivalent to approximately US$326.8 million) in FY2018 mainly as a result of increase in net sales and other operating income as discussed above. Income for the year attributable to equity holders of the parent entity increased by a further 10.1% to approximately Rp5,038.8 billion (equivalent to approximately US$359.9 million) in FY2019 and this was in line with the increase in net sales for the year. As disclosed in the ICBP's Annual Reports, excluding non-recurring items and differences in foreign exchange, core profit of ICBP for FY2018 increased by 5.6% to Rp4.2 trillion (equivalent to approximately US$301.2 million) whilst that for FY2019 increased by 22.4% to Rp5.2 trillion (equivalent to approximately US$367.3 million), as compared to the respective previous year.

Dividend paid for the year

A total dividend of approximately Rp1,795.9 billion (equivalent to approximately US$128.3 million), Rp1,889.2 billion (equivalent to approximately US$134.9 million) and Rp2,274.1 billion (equivalent to approximately US$162.4 million), were declared by ICBP for FY2017, FY2018 and FY2019, respectively, which represented a around 50% dividend payout ratio for each year. Accordingly, dividends paid to Indofood, reflecting Indofood's 80.5% interest in ICBP, were approximately Rp1,445.7 billion (equivalent to approximately US$103.3 million), Rp1,520.8 billion (equivalent to approximately US$108.6 million) and Rp1,830.6 billion (equivalent to approximately US$130.8 million), in FY2017, FY2018 and FY2019 respectively.

(b) Financial position of the ICBP Group

Set out below is a summary of the consolidated statements of financial position of the ICBP Group as at 31 December 2019 and 31 December 2018 as extracted from the ICBP Annual Reports:

	As at 31 December	
	2019	**2018**
	(Audited)	*(Audited)*
	Rp millions	*Rp millions*
Non-current assets		
Long term investments	3,890,271	2,705,398
Fixed assets	11,342,412	10,741,622
Goodwill	1,775,839	1,775,839
Intangible assets	2,011,090	2,136,679
Other non-current assets	3,064,777	2,886,047
	22,084,389	20,245,585
Current assets		
Cash and cash equivalents	8,359,164	4,726,822
Accounts receivable		
Trade	4,049,290	4,128,191
Non-trade	82,660	143,165
Inventories	3,840,690	4,001,277
Other current assets	293,121	1,122,113
	16,624,925	14,121,568
Total assets	38,709,314	34,367,153
Current liabilities		
Short-term bank loans and overdraft	458,108	862,238
Trust receipts payable	–	283,657
Accounts payable		
Trade	2,635,433	2,956,189
Non-trade	622,221	749,694
Accrued expenses	1,841,517	1,701,628
Taxes payable	545,825	204,886
Current maturities of long-term debts	196,001	247,552
Short-term employee benefits liability	257,224	229,554
	6,556,359	7,235,398

	As at 31 December	
	2019	**2018**
	(Audited)	*(Audited)*
	Rp millions	*Rp millions*
Non-current liabilities		
Long term debts	1,702,075	851,739
Liabilities for employee benefits	3,414,882	3,192,966
Deferred tax liabilities - net	364,894	379,900
	5,481,851	4,424,605
Total liabilities	12,038,210	11,660,003
Equity		
Equity attributable to equity holders of the Parent Entity:		
Capital stock	585,095	583,095
Additional paid-in capital	5,985,469	5,985,469
Retained earnings	45,000	40,000
Unrealised gains on available-for-sale financial assets	798,386	473,427
Other equity	17,886,888	14,536,932
Total equity attributable to equity holders of the Parent Entity	25,300,838	21,618,923
Non-controlling interest	1,370,266	1,088,227
Total equity	26,671,104	22,707,150
Total liabilities and equity	38,709,314	34,367,153
Net cash	6,002,980	2,481,636

As shown above, as at 31 December 2019, current assets of the ICBP Group mainly comprised cash and cash equivalents, accounts receivables and inventories, whilst non-current assets mainly comprised long term investments, fixed assets, goodwill and intangible assets. Total assets of the ICBP Group as at 31 December 2019 was approximately Rp38,709.3 billion (equivalent to approximately US$2,765.0 million) which represented an increase of around 12.6%, or approximately Rp4,342.2 billion (equivalent to approximately US$310.2 million), as compared to approximately Rp34,367.2 billion (equivalent to approximately US$2,454.8 million) as at 31 December 2018. Such increase was mainly due to, among other things, the 76.9% increase, or Rp3,632.3 billion (equivalent to approximately US$259.5 million) in cash and cash equivalents from Rp4,726.8 billion (equivalent to approximately US$337.6 million) as at 31 December 2018 to approximately Rp8,359.2 billion (equivalent to approximately US$597.1 million) as at 31 December 2019.

Total liabilities of the ICBP Group as at 31 December 2019 were approximately Rp12,038.2 billion (equivalent to approximately US$859.9 million), which represented an increase of approximately 3.2% or approximately Rp378.2 billion (equivalent to approximately US$27.0 million) as compared to the balance of approximately Rp11,660.0 billion (equivalent to approximately US$832.9 million) as at 31 December 2018. As at 31 December 2019, current liabilities of the ICBP Group were approximately Rp6,556.4 billion (equivalent to approximately US$468.3 million), around 40.2% of which being trade accounts payable, which reported a carrying balance of approximately Rp2,635.4 billion (equivalent to approximately US$188.2 million). This represented a slight decrease of approximately 10.9% as compared to that of approximately Rp2,956.2 billion (equivalent to approximately US$211.2 million) as at 31 December 2018. Other current liabilities of the ICBP Group as at 31 December 2019 was the accrued expenses which were mainly related to advertising and promotional activities carried out by ICBP Group. The balance for short term bank loans and overdraft declined by approximately Rp404.1 billion (equivalent to approximately US$28.9 million) or 46.9% from approximately Rp862.2 billion (equivalent to approximately US$61.6 million) as at 31 December 2018 to approximately Rp458.1 billion (equivalent to approximately US$32.7 million) as at 31 December 2019 mainly as a result of repayment of bank loans due. Total non-current liabilities of the ICBP Group, which consisted mainly of long-term debts and liabilities for employee benefits was approximately Rp5,481.9 billion (equivalent to approximately US$391.6 million) as at 31 December 2019 and represented an increase of around 23.9% as compared to that as at 31 December 2018. This was mainly as a result of increases in long term debts by approximately Rp850.3 billion (equivalent to approximately US$60.7 million) or 99.8% from approximately Rp851.7 billion (equivalent to approximately US$60.8 million) as at 31 December 2018 to approximately Rp1,702.1 billion (equivalent to approximately US$121.6 million) as at 31 December 2019. The increase was mainly in relation to an investment loan.

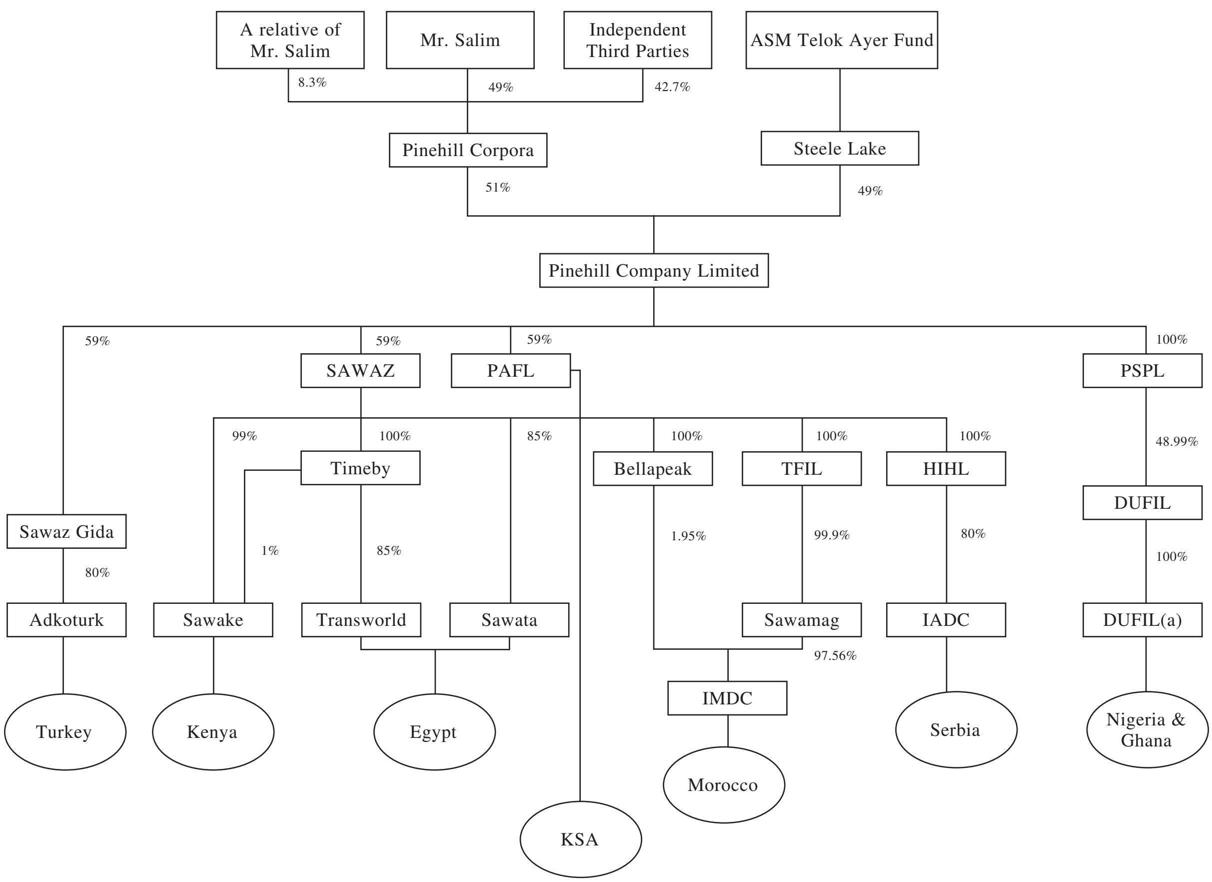
During the Period, ICBP continued to be a net cash company, demonstrating a strong financial position. Current ratio of the ICBP Group was 2.5 times as at 31 December 2019.

Total equity attributable to owners of the parent entity increased by around 17.0% to approximately Rp25,300.8 billion (equivalent to approximately US$1,807.2 million) as at 31 December 2019, mainly due to earnings generated during 2019 net of dividend payment.

3. Information on the Pinehill Group

The Pinehill Group is principally engaged in the manufacturing and distribution of instant noodles using the trademark of "Indomie". Its principal subsidiary, Pinehill Arabia Food Ltd ("**PAFL**"), also manufactures and distributes instant noodle products under the trademarks of "Supermi" and "Pop Mie". All of the "Indomie", "Supermi" and "Pop Mie" trademarks are licensed by Indofood. As at 31 December 2019. The Pinehill Group had twelve instant noodles manufacturing facilities in eight countries with a total production capacity of 10 billion packs, and has distribution networks in 33 countries/territories.

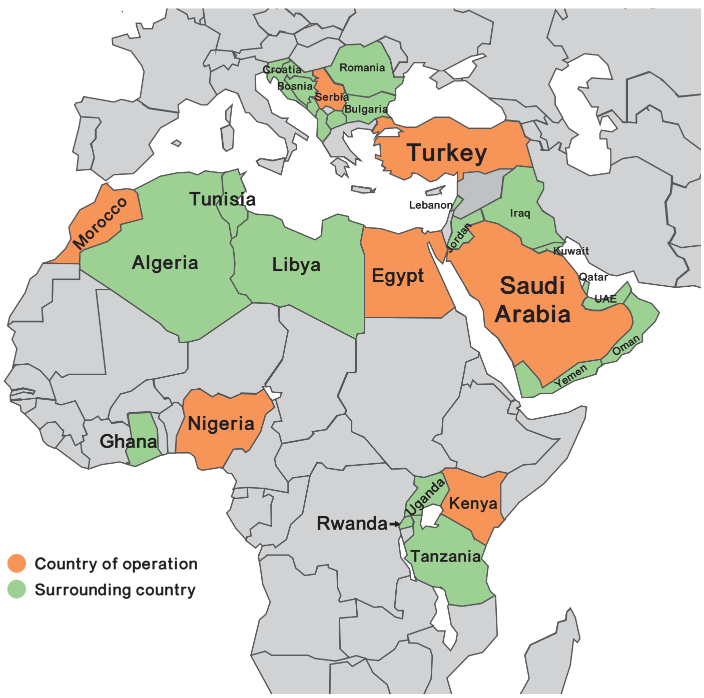
The Pinehill Group's business operations are currently carried out by its three principal subsidiaries namely, PAFL in Saudi Arabia, Salim Wazaran Group Limited ("**SAWAZ**") in Egypt, Kenya, Serbia and Morocco, Salim Wazaran Gida Sanayi Ye Yatirim Anonim Sirketi ("**SAWAZ Turkey**") in Turkey and by its major associate, Dufil Prima Foods PLC ("**DUFIL**") in Nigeria and Ghana. Set out below is a simplified group chart of the Pinehill Group:



1. Adkoturk – Adkoturk da Sanayi Ve Ticaret Limited Asirketi
2. Bellapeak – Bellapeak Investment Limited
3. DUFIL – Dufil Prima Foods Plc
4. DUFIL(a) – De-United Foods Industries Limited
5. HIHL – Heaty Ivory Holdings Limited
6. IADC – Indoadriatic Industry d.o.o. Indija
7. IMDC – Indo Morocco Distribution Company SA
8. PAFL – Pinehill Arabia Food Limited
9. PSPL – Platinum Stream Profits Limited

10. Sawake – Salim Wazaran Kenya Company Limited
11. Sawamag – Salim Wazaran Maghreb Manufacturing Company Limited
12. Sawata – Salim Wazaran Abu Elata LLC
13. Sawaz – Salim Wazaran Group Limited
14. Sawaz Gida – Salim Wazaran Gida Sanayi Ye Yatirim Anonim Sirketi
15. Timeby – Timeby Group Limited
16. TFIL – Triumph Fame Investments Limited
17. Transworld – Transworld for Trade and Export Company Limited

The map below illustrates the Pinehill Group's key business operations.



Pinehill Group primarily classifies its business activities into seven operating business segments based on the countries of the base operating companies, namely:

- Kingdom of Saudi Arabia ("**KSA**" or "**Saudi Arabia**")
- Federal Republic of Nigeria ("**Nigeria**")
- Arab Republic of Egypt ("**Egypt**")
- The Republic of Turkey ("**Turkey**")
- The Republic of Serbia ("**Serbia**")
- Kingdom of Morocco ("**Morocco**")
- Republic of Kenya ("**Kenya**")

As explained to us by the ICBP Management, Pinehill was established in 1994 and its first factory in Jeddah, Saudi Arabia, commenced operation in May 1995, DUFIL commenced operations shortly after in the outskirts of Lagos, Nigeria. In the first year of operation, Pinehill Group and DUFIL sold a total of 73 million packs of instant noodle in KSA and Nigeria. Pinehill Group and DUFIL's business continued to grow and five years later, in 2000, its sales volume grew by almost four times to 275 million packs of instant noodles. Since 2000, Pinehill Group had started to export into surrounding countries including Egypt. Pinehill Group and DUFIL's total sales soared to 2.8 billion packs of instant noodles in 2010, which was almost 40 times over its first year volume. Pinehill Group started to set up its factories in Egypt, Kenya, Turkey, Serbia, Morocco and Ghana since 2010 and, as a result of the expansion, Pinehill Group and DUFIL's sales volume further grew from 4.8 billion packs of instant noodles in 2015 to around 7.6 billion packs of instant noodles in 2019. The Pinehill Group and DUFIL have twelve factories operating in eight countries with a total annual capacity to produce more than 10 billion packs of instant noodles.

Indofood and ICBP have had a long and close business relationship with the Pinehill Group. In the past two decades, Indofood has been granting the trademarks of "Indomie", "Supermi" and "Pop Mie" and providing technical services to the subsidiaries of Pinehill Group for manufacturing and distributing Indofood branded instant noodles in Africa, Middle East and South Eastern Europe whilst ICBP has been a supplier of food ingredients and packaging materials to Pinehill Group, pursuant to the Arrangements. During the period, the Arrangements has constituted continuing connected transactions for First Pacific and have been fully disclosed and approved by Independent Shareholders pursuant to requirements under Chapter 14A of the Listing Rules. It is expected that following completion of the Proposed Acquisition, continuing connected transactions between Indofood/ICBP and the Pinehill Group will be substantially eliminated.

Apart from the above, Pinehill's key strengths include well established manufacturing facilities and supply chains and powerful distribution networks in each market. Local manufacturing is important as some of Pinehill Group's markets have inefficient import procedures, import tariffs or in some cases import bans. Distribution and market share also go hand-in-hand, as only with a high level of sales can an extensive distribution network be justified and supported. High sales also promote feedback from distributors and customers on changes in local tastes. The management of the Pinehill Group considers rapid response to changing customer tastes is a key factor in Pinehill's success.

(a) Historical financial performance of the Pinehill Group

Set out below are key financial information on the Pinehill Group prepared in accordance with the IFRS as extracted from the consolidated statements of comprehensive income for the three financial years ended 31 December 2017, 2018 and 2019, details of which are set out in Appendix III to the Circular:

	For the year ended 31 December		
	2019	**2018**	**2017**
	US$' 000	*US$' 000*	*US$' 000*
Revenue	533,533	391,283	334,529
Cost of sales	(305,381)	(243,277)	(203,562)
Gross profit	228,152	148,006	130,967
Other income, gains and losses, net	1,790	(5,198)	(650)
Selling and distribution expenses	(60,112)	(44,665)	(54,964)
Administrative and other expenses	(22,403)	(18,058)	(16,733)
Finance costs *(see sub-section headed "Finance costs" below)*	(34,596)	(11,048)	(9,626)
Share of result of an associate	12,216	18,122	30,581
Profit before income tax	125,047	87,159	79,575
Income tax expense	(23,903)	(14,675)	(10,323)
Profit for the year	101,954	72,484	69,252
Profit for the year attributable to:			
Owners of the Target Company	43,199	41,824	46,520
Non-controlling interests	58,755	30,660	22,732
	101,954	72,484	69,252
The Pinehill Group core profit attributable to owners of the Target Company	77,620	55,142	55,524

Revenue

Set out below is the revenue information of the Pinehill Group by different geographical areas based on locations where the customers are domiciled/located or the destination where the goods are delivered, as extracted from the notes to consolidated financial statements of Pinehill Group in Appendix III to the Circular:

	2019		**2018**		**2017**
		Growth		*Growth*	
	US$'000	*rate*	*US$'000*	*rate*	*US$'000*
Saudi Arabia	170,892	23.7%	138,158	3.6%	133,306
Egypt	135,868	55.8%	87,235	57.0%	55,560
Iraq	57,922	44.5%	40,083	5.0%	38,168
Turkey	35,523	51.8%	23,402	41.5%	16,537
United Arab Emirates	20,351	9.2%	18,637	0.5%	18,544
Others	112,977	34.9%	83,768	15.7%	72,414
Total	533,533	36.4%	391,283	17.0%	334,529

As shown in the table above, revenue contribution from Saudi Arabia and its surrounding countries including Iraq and United Arab Emirates, together with Egypt and Turkey, have accounted for over 78% of the total revenue of Pinehill Group in each of the past three financial years. In particular, revenue contributed by Egypt and Turkey have shown remarkable annual growth of over 40% in both 2018 and 2019.

Total revenue for FY2018 of Pinehill Group increased by approximately 17.0% from approximately US$334.5 million for FY2017 to approximately US$391.3 million for 2018. Such increase was mainly as a result of increases in revenue generated by SAWAZ and in particular in Egypt by approximately 57.0% from approximately US$55.6 million in FY2017 to approximately US$87.2 million in FY2018. Total revenue for FY2019 increased by a further 36.4% to approximately US$533.5 million from US$391.3 million in FY2018, which was mainly attributable to growth in sales from all key markets and in particular from Saudi Arabia (increase of approximately US$32.7 million or 23.7% in 2019), Egypt (increase of approximately US$48.6 million or 55.8% in 2019) and Turkey (increase of approximately US$12.1 million or 51.8% in 2019).

Gross profit

Gross profit for FY2018 increased by approximately 13.0% from approximately US$131.0 million in FY2017 to approximately US$148.0 million in FY2018. Such increase was mainly in line with the increase in revenue during the year. Gross profit for FY2019 increased by a further 54.2% to approximately US$228.2 million in FY2019 and such increases was also in line with the growth in revenue, coupled with lower associated cost of sales as a result of low key raw material prices in general.

Finance costs

Finance costs of the Pinehill Group increased substantially during the Period, from approximately US$9.6 million for FY2017 to approximately US$11.0 million for FY2018 and further to approximately US$34.6 million for FY2019.

As disclosed in the letter from the Board of the Circular, the majority of the finance costs recorded in FY2017, FY2018 and FY2019, in the amount of approximately US$9.6 million, US$10.9 million and US$34.5 million respectively (the "**Relevant Finance Expenses**"), related to borrowings raised by Pinehill Group to fund the other business initiatives of its shareholders. It is also disclosed in the letter from the Board of the Circular that such related borrowings were fully repaid in December 2019 as part of the Pinehill Group's restructuring exercise.

Share of result of an associate

DUFIL is an associate of the Pinehill Group. DUFIL, together with its subsidiaries, are principally engaged in the manufacturing and marketing of instant noodles, seasoning, pasta, wheat flour, packaging material, snacks and oil, in Nigeria and Ghana.

Set out below are the summarized financial statements of DUFIL as extracted from Appendix III to the Circular:

	For the year ended 31 December		
	2019	**2018**	**2017**
	US$' 000	*US$' 000*	*US$' 000*
Revenue	578,092	572,703	477,088
Profit after income tax	24,934	36,988	62,419
Current assets	280,348	244,977	210,687
Non-current assets	145,930	129,701	99,817
Total assets	426,278	374,678	310,504
Total liabilities	(327,237)	(288,060)	(240,348)
Net assets	99,041	86,618	70,156

As shown in the table above, revenue of DUFIL increased by around 20.0% to approximately US$572.7 million in FY2018 and remained relatively stable in FY2019. However, net profit of DUFIL has been declining since 2017 due to, as provided by the ICBP Management, among others, (i) decrease in gross margin from around 29.9% in FY2017 to around 19.2% in FY2018 and further down to around 18.0% as a result of increase in raw material costs and the depreciation of the Nigerian Naira; and (ii) increase of finance expenses by around 30.8% in FY2019 due to increase in interest on term loans and interest on bank overdraft and import finance facility. Correspondingly, share of result of an associate of the Pinehill Group also decreased by around 40.7% from US$30.6 million in FY2017 to US$18.1 million in FY2018, and further by around 32.6% to approximately US$12.2 million in FY2019. It is noted that, during the Period, the share of result of an associate accounted for 54.5%, 34.4% and 15.7% of the Adjusted Profit (as defined below) of Pinehill Group for FY2017, FY2018 and FY2019 respectively.

Profit attributable to owners of Pinehill

Profit attributable to owners of Pinehill decreased by approximately 10.1% from approximately US$46.5 million in FY2017 to approximately US$41.8 million in FY2018 despite the increases in revenue. This decrease was mainly attributable to the lower share of result of an associate from approximately US$30.6 million reported for FY2017 to approximately US$18.1 million reported for FY2018, representing a decline of approximately 40.7%. Profit attributable to owners of Pinehill increased by approximately 3.3% to approximately US$43.2 million in FY2019 because the increases in revenue during the year as discussed above was offset by (i) increases in finance costs by approximately 213.1%; and (ii) further declines in the performance of DUFIL as discussed above.

As disclosed in the letter from the Board of the Circular, if adding back the Relevant Finance Expenses in the respectively years, the adjusted profit attributable to owners of Pinehill (the "**Adjusted Profit**") would be approximately US$56.1 million, US$52.8 million and US$77.7 million for FY2017, FY2018 and FY2019 respectively, representing a decrease of around 6.0% in FY2018 and an increase of around 47.3% in FY2019. As also provided by the ICBP Management, the 2 major operating regions namely Saudi Arabia and Nigeria are the major contributors of the Adjusted Profit of Pinehill Group in each of the past three financial years.

(b) Financial position of the Pinehill Group

Set out below is a summary of the consolidated statements of financial position of the Pinehill Group as at 31 December 2019 and 31 December 2018 as extracted from Appendix III to the Circular:

	As at 31 December	
	2019	**2018**
	US$'000	*US$'000*
Non-current assets		
Property, plant and equipment	58,362	52,011
Right-of-use assets	1,198	–
Interests in an associate	48,524	42,438
Other non-current assets	4,263	2,355
	112,347	96,804
Current assets		
Inventories	47,860	32,800
Trade and other receivables and prepayments	108,451	82,962
Amounts due from related parties	20,044	123,590
Cash and cash equivalents	67,485	58,356
	243,840	297,708
Total assets	356,187	394,512
Current liabilities		
Trade and other payables and accruals	67,021	59,844
Amounts due to related parties	4,288	12,352
Loans from shareholders	9,671	20,269
Interest-bearing bank borrowings	–	17,000
Other current liabilities	17,022	7,923
	98,002	117,388
Net current assets	145,838	180,320
Total assets less current liabilities	258,185	277,124

	As at 31 December	
	2019	**2018**
	US$'000	*US$'000*
Non-current liabilities		
Interest-bearing bank borrowings	–	136,000
Employee benefits	9,636	9,349
Other non-current liabilities	2,212	601
	11,848	145,950
Total liabilities	109,850	263,338
Net assets	246,337	131,174
Capital and Reserves		
Owners of the Parent Entity:		
Share capital	138,878	–
Reserves	35,431	85,142
Equity attributable to owners of the Target Company	174,309	85,142
Non-controlling interests	72,028	46,032
Total equity	246,337	131,174

As shown above, as at 31 December 2019, current assets of the Pinehill Group mainly comprised cash and cash equivalents and trade and other receivables and prepayments, whilst non-current assets mainly comprised property, plant and equipment, and interests in an associate, namely DUFIL. Total assets of the Pinehill Group as at 31 December 2019 was approximately US$356.2 million which represented a decrease of around 9.7%, or approximately US$38.3 million, as compared to approximately US$394.5 million as at 31 December 2018. The decrease was mainly due to a decline in the carrying value of amount due from related parties of approximately US$103.5 million or 16.2%, from approximately US$123.6 million as at 31 December 2018 to approximately US$20.0 million as at 31 December 2019. The balance for the Pinehill Group's interests in DUFIL increased by approximately 14.3% from approximately US$42.4 million in 2018 to approximately US$48.5 million in 2019 as a result of corresponding increases in DUFIL's net asset value, which was associated with higher cash and cash equivalents and accounts receivable as well as increases in net fixed assets which resulted from capacity expansion during the year.

Total liabilities of the Pinehill Group as at 31 December 2019 were approximately US$109.9 million, which represented a decline of approximately US$153.5 million or 58.3% as compared to the balance of approximately US$263.3 million as at 31 December 2018. As at 31 December 2019, current liabilities of the Pinehill Group were approximately US$98.0 million, and mainly comprised of trade and other payables and accruals and amounts due to related parties. The balance of current liabilities as at 31 December 2019 declined by approximately US$19.4 million or around 16.5%, from approximately US$117.4 million as at 31 December 2018 and was mainly a result of repayment of interest-bearing bank borrowings. The balance for total non-current liabilities of the Pinehill Group was mainly in relation to employee benefits payable which reported a balance of approximately US$9.6 million as at 31 December 2019. The balance for total non-current liabilities decreased from approximately US$146.0 million as at 31 December 2018 to approximately US$11.8 million as at 31 December 2019. This decline of approximately 91.9% was mainly due to the repayment of interest-bearing bank borrowings which reported a carrying value of approximately US$136.0 million as at 31 December 2018.

Current ratio of the Pinehill Group was approximately 2.5 times as at 31 December 2019. The Pinehill Group had no outstanding bank borrowings as at 31 December 2019.

Total equity attributable to owners of Pinehill increased by around 104.7% to approximately US$174.3 million as at 31 December 2019 mainly as a result of earnings generated during 2019 net of dividend payment, and the issue of new equity to its shareholders as part of the restructuring exercise in 2019.

In summary, Pinehill Group is a growing and financially sound company which has been funding its business and expansion from operating cash flow without reliance on external bank loans. Though profit for FY2018 dropped slightly due to the decrease in share of result of DUFIL resulting from DUFIL's declined profit in FY2018, the strong sales performance in other operating regions of the Pinehill Group has managed to bring about a substantial growth in Adjusted Profit of the Pinehill Group by around 47.3% from approximately US$52.8 million in FY2018 to approximately US$77.7 million in FY2019.

4. Reasons for and benefits of the Proposed Acquisition

As stated in the letter from the Board in the Circular, the reasons for and benefits of the Proposed Acquisition are set forth below:

(1) the Proposed Acquisition of the Pinehill Group, whose main business is in the manufacturing and distribution of instant noodles in Africa, Middle East, and South Eastern Europe, is directly in-line with the development and expansion of ICBP's core business;

(2) the Proposed Acquisition is expected to enable ICBP to gain a strategic position in new growth markets in which Halal products are the primary choice, given that all the categories of the ICBP group's noodle products are also Halal;

(3) the Pinehill Group has a strong market share in eight countries in Africa, Middle East and South Eastern Europe. The Proposed Acquisition is expected to enable ICBP to become a global food player and food products manufacturer with a strong global market share in the instant noodles market;

(4) the Pinehill Group currently has twelve instant noodles manufacturing facilities, located in eight countries with a total population of more than 550 million people, and has distribution networks in 33 countries/territories with a total population of more than 885 million people. The acquisition of the Pinehill Group, which has a total capacity of producing more than ten billion packs of instant noodles and already occupies strong market positions in most of its markets, is expected to help establish ICBP as one of the leading instant noodle manufacturers in the world;

(5) the Pinehill Group's extensive manufacturing facilities and distribution networks in Africa, Middle East and South Eastern Europe offer valuable and readily available platforms for ICBP to distribute and manufacture its wide ranging consumer-branded products, which are currently mainly produced and distributed in Indonesia, in the Pinehill Group's fast-growing markets;

(6) the Pinehill Group's markets, which cover a total population of more than three times the population of Indonesia are growing very rapidly. With an average consumption of instant noodles per capita that is still very low, the rapid growth in these markets is expected to continue in the foreseeable future. Thus, the acquisition of the Pinehill Group is expected to contribute to the future growth of ICBP and, indirectly, First Pacific; and

(7) following Completion, continuing connected transactions between associates of Mr. Anthoni Salim and members of the Group as described in "Appendix V – "6. Material Interests in Contract or Arrangement – A. Transactions relating to the Noodles Business of the Indofood Group" would be substantially eliminated, the effect of which is in line with the First Pacific Group's efforts to reduce continuing connected transactions as part of its corporate governance policies.

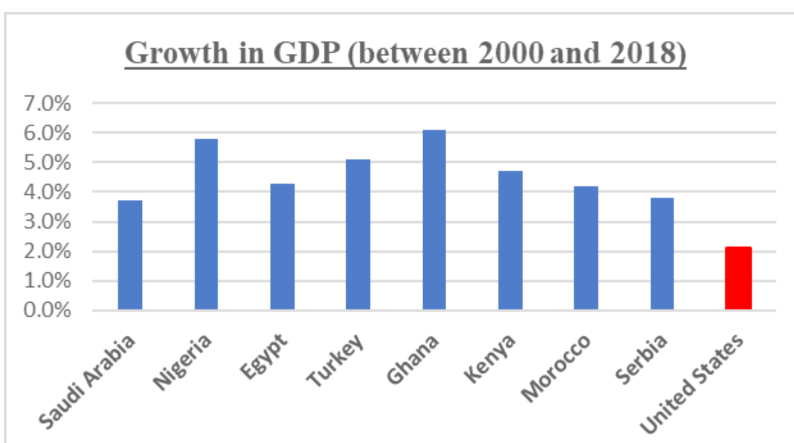
As discussed in the section headed "2. Information on the ICBP Group" above, total net sales of ICBP for the past three years have been mainly attributable to its noodles division which accounted for over 60% of the total net sales of ICBP for each of the three financial years ended 31 December 2019. The acquisition of the Pinehill Group whose main business is the manufacturing and distribution of instant noodles in Africa, Middle East and South Eastern Europe, is therefore in line with the business and development of ICBP and is expected to make the enlarged ICBP group one of the largest producers of instant noodles in the world.

We note that ICBP was first established in 2009 to carry out the consumer branded products segment of its immediate parent company, Indofood. The noodles business that became part of the ICBP's primary business has had a history with Indofood since the early 1980s and has grown alongside with the growth of the Indonesian economy where the consumption per capita ("**CPC**"), measuring the penetration of the product (in this case being instant noodles) based on sales volume (in this case of ICBP) and population, grew from approximately 4.1 packs per person per year to around 32.5 packs per person per year in a 10-year span between 1984 and 1994. We have further discussed and understand from the ICBP Management that consumption of instant noodle products in general is largely in line with economic development and urbanisation and in the case of Indonesia today, the estimated average CPC in 2019 is approximately 78.0 packs per person per year. In order to continue ICBP's business expansionary plans and to further its revenue and profit growth, especially when the noodles business in Indonesia and surrounding regions has approached a matured stage of development since its commencement of business almost 40 years ago, we would concur with the ICBP Management that it would be in ICBP's interests, and indirectly, in First Pacific and its Shareholders' interests, to seek further opportunities by way of expansion into new developing markets.

We have further considered the concept of CPC and discussed with the ICBP Management in this respect. We understand instant noodles are still a relatively new product in the countries which the Pinehill Group currently operates in and CPC for those regions are still relatively low as compared to mature markets operated by ICBP. We have requested for and ICBP has provided us with the relevant CPC data of the Pinehill Group's business operations. Based on our review, we noted that in 2019, the Nigerian and the Saudi Arabian operations, which has had a longer operating time (since 1995), had CPC of only around 17.6 and 8.5 packs per person per year, whilst the CPC for Egypt was only 10.8 packs per person per year and those of the remaining key countries of operations were still largely under 5.0 packs per person per year, which reflects significant upside potential. For instance, the Turkish market operated by SAWAZ Turkey only had a CPC of approximately 2.6 packs per person per year as of 2019 yet its sales volume growth has already grown by approximately 194.9% between 2010 and 2020 (est.) (in terms of compound annual growth rate) since its first setup in 2010. As such, having reviewed the historical growth levels of Indofood's CPCs over a ten-year period, we consider additional future development potentials expected by ICBP would not be unreasonable.

We have discussed and understand from the ICBP Management that some of the Pinehill Group's markets have inefficient import procedures, import tariffs or in some cases outright import bans, therefore local manufacturing is important. In addition, given the market shares of the Pinehill Group and its established production facilities and distribution network in the countries it is operating as discussed above, the Pinehill Group is an ideal target and a ready platform to supplement the business expansion plans of ICBP, on which ICBP can transfer and apply its knowledge and experience gained in, among others, Indonesia, in order to further the solid performance already enjoyed by the Pinehill Group. Indofood has been granting trademark licences and providing technical services to Pinehill Group for manufacturing and distributing Indofood branded instant noodles in Africa, Middle East and Southeastern Europe whilst ICBP has been a supplier of food ingredients and packaging materials to the Pinehill Group pursuant to the Arrangements and liaising closely with the management of the Pinehill Group in the past 25 years. ICBP therefore has hands on knowledge of Pinehill Group's operations as well as the local markets. The Pinehill Group has been in operation in its various countries of business since as early as 1995 and as such has already accumulated a sufficient degree of understanding of local dietary habits, preferences and consumption patterns to accelerate its business performance. In order to successfully penetrate the markets of operation, we understand the Pinehill Group has developed, among others, specific noodle flavours to accommodate the local population, setup of local manufacturing facilities for cost control purposes and has continued to focus on marketing including pricing strategies in the respective markets in order to raise market awareness of its products and to ultimately secure and gain market share. Upside growth potential is apparent because the aforementioned strategies have also been proven to be successful as reflected by ICBP's and the Pinehill Group's track records.

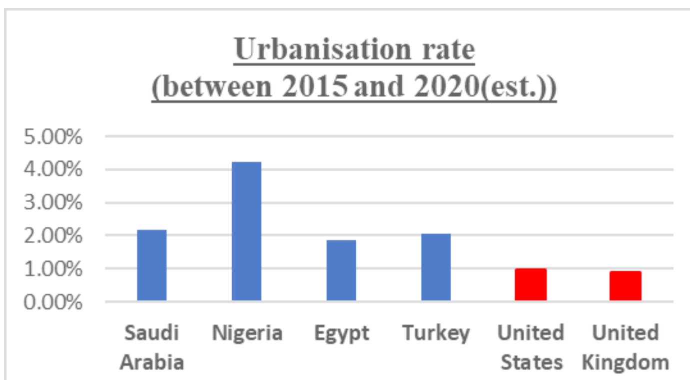
Instant noodles, because of its pricing and its convenience, have been particularly well received by those territories with relatively larger low-income population including but not limited to Egypt and Nigeria where average gross national income per capital between 2006 and 2018 was still below approximately US$2,500. In addition, given Pinehill Group's countries of operation are also mostly still in a development phase, with potential for gross domestic product ("**GDP**") growth and hence growth of consumer spending power, it is reasonable to expect that growth rates and solid performances currently enjoyed by the Pinehill Group will be able to extend, if not accelerate in the future. We have researched and noted from the "World Economic Situation and Prospects 2020" published by the United Nations, Saudi Arabia, Egypt, Kenya, Morocco, Nigeria, Ghana and Turkey are all classified as developing economies whereas Serbia is listed as an economy that is still transiting from being centrally planned to a free market economy. As previously mentioned, developing countries are normally expected to report above average economic growth as compared to mature economies of developed nations. We have researched from the statistics published by The World Bank on the average annual GDP growth in various countries as set out in the chart below:



Source: The World Bank

As shown in the chart, Saudi Arabia, Nigeria, Egypt, Turkey, Ghana, Kenya, Morocco and Serbia have reported significant growth in Gross Domestic Product of approximately 3.7%, 5.8%, 4.3%, 5.1%, 6.1%, 4.7%, 4.2%, and 3.8% respectively between 2000 and 2018; we noted the growth in GDP for the same period for developed nations such as the United States was only at approximately 2.1%.

In addition, we have discussed and understand from the ICBP Management that demand for convenient food solutions, including that of instant noodles, is also related to population growth rate and the rate of urbanisation of a society. We have researched and noted from the data published by The World Bank that the Pinehill Group's key countries of operation, namely Saudi Arabia and Nigeria have reported population growth rates of approximately 2.8% and 2.7% respectively, whilst Kenya and Egypt have reported a similar if not higher population growth rate of approximately 2.7% and 3.2% respectively, between 2000 and 2018, as compared to approximately 0.8% and 0.7% reported by key developed nations such as the United States and the United Kingdom. We have set out the statistics on average annual urbanisation rate of key operating countries of the Pinehill Group, United States and United Kingdom below:



Source: The "World Factbook" published by the Central Intelligence Agency

We noted that Saudi Arabia, Nigeria, Egypt and Turkey have reported rates of urbanisation of approximately 2.17%, 4.23%, 1.86% and 2.04% respectively for the period between 2015-2020(est), whilst the rates of urbanisation for the same period for developed nations such as the United States and the United Kingdom were only approximately 0.95% and 0.89% respectively. The relatively fast-growing GDP, population and urbanisation of the key countries where the Pinehill Group is operating are expected to allow further room for growth of its instant noodles business.

In light of all the above, we concur with the Directors and consider the Proposed Acquisition of Pinehill Group, which is engaged in a similar line of business as the ICBP Group, is in line with the development and expansion plans of ICBP's core business and is a strategic move for future business growth and therefore also in the interests of First Pacific and its Shareholders.

5. Principal terms of the Agreement

5.1 Subject matter to be acquired

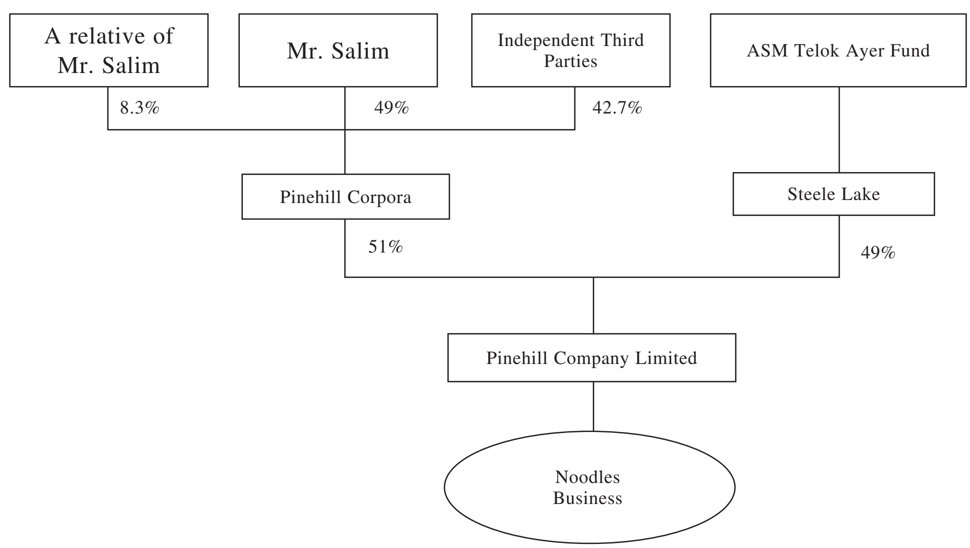
Pursuant to the Agreement, ICBP has conditionally agreed to purchase, and the Sellers have conditionally agreed to sell, the Sales Shares representing the entire issued share capital of Pinehill comprising:

(1) the Pinehill Corpora Sale Shares owned by Pinehill Corpora representing 51% of the issued share capital of Pinehill; and

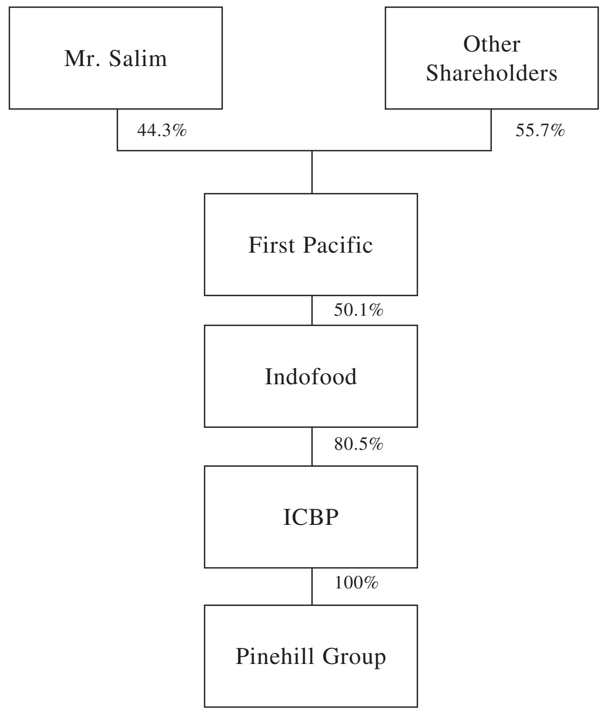
(2) the Steele Lake Sale Shares owned by Steele Lake representing 49% of the issued share capital of Pinehill.

The simplified chart below illustrates the shareholding of the Pinehill Group before and immediately upon completion of the Proposed Acquisition:

Prior to Completion



Immediately upon Completion



5.2 Consideration

The aggregate Consideration (subject to adjustment) payable for the sale and purchase of the Sale Shares is US$2,998 million (equivalent to approximately HK$23.4 billion) (subject to adjustment), of which US$1,528.98 million (equivalent to approximately HK$11,926.04 million) is payable by ICBP to Pinehill Corpora for the Pinehill Corpora Sale Shares and US$1,469.02 million (equivalent to approximately HK$11,458.36 million) is payable by ICBP to Steele Lake for the Steele Lake Sale Shares.

5.3 Payment of Consideration

Pinehill Corpora Sale Shares

The consideration of US$1,528.98 million (equivalent to approximately HK$11,926.04 million) for the sale and purchase of the Pinehill Corpora Sale Shares shall be payable by ICBP as follows:

(1) US$1,197.48 million (equivalent to approximately HK$9,340.34 million) in cash in full on the Completion Date; and

(2) US$331.5 million (equivalent to approximately HK$2,585.7 million) (the "**Pinehill Corpora Retention Amount**") in cash on 30 April 2022 (or such later date as any adjustment to the Consideration is definitively determined), subject to set off against any adjustment to the Consideration.

Steele Lake Sale Shares

The consideration of US$1,469.02 million (equivalent to approximately HK$11,458.36 million) for the sale and purchase of the Steele Lake Sale Shares shall be satisfied by ICBP as follows:

(1) US$1,150.52 million (equivalent to approximately HK$8,974.06 million) in cash in full on the Completion Date; and

(2) US$318.5 million (equivalent to approximately HK$2,484.3 million) (the "**Steele Lake Retention Amount**", together with the Pinehill Corpora Retention Amount, the "**Retention Amount**") in cash on 30 April 2022 (or such later date as any adjustment to the Consideration is definitively determined), subject to set off against any adjustment to the Consideration.

As disclosed in the letter from the Board in the Circular, the Proposed Acquisition will be funded by ICBP's internal resources and borrowings from third party banks. ICBP intends to satisfy the Consideration (a) as to US$300 million (equivalent to approximately HK$2,340 million) in cash from ICBP's internal resources; and (b) the balance of the Consideration of US$2,048 million (equivalent to approximately HK$15,974.4 million) (after deducting the Retention Amount) from borrowings from third party banks. As at the Latest Practicable Date, ICBP is in discussions with prospective lenders on the terms of a loan facility to be granted to ICBP and no definitive terms have been agreed among the parties. The finalization of such terms is a condition of Completion to the Proposed Acquisition.

Based on the ICBP Annual Reports, ICBP had cash and cash equivalents of approximately Rp8,359.2 billion as at 31 December 2019 which translates to approximately US$597.1 million. We consider it prudent that part of the consideration is delayed by way of the Retention Amount to facilitate any adjustment to the Consideration. As such, we consider the settlement method to be in the interests of First Pacific and its Shareholders.

The Retention Amount shall be retained by ICBP until 30 April 2022 or such later date as any adjustment to the Consideration is definitively determined. As a result of any adjustment to the Consideration, the Retention Amount would be reduced by an amount equal to the amount of the adjustment, following which ICBP shall pay to Pinehill Corpora and Steele Lake, respectively, the balance of the Retention Amount which has not been set off against any adjustment to the Consideration. In addition, one-time compensation of 2.63% of the balance of the Retention Amount is payable (after any set off resulting from any adjustment to the Consideration). The amount of any adjustment resulting from the profit guarantee described below which exceeds the Retention Amount shall be payable by the Sellers, proportionally, to ICBP.

Within one month before the payment date of the Retention Amount, the parties may by mutual agreement extend the payment period as well as the terms governing such extension.

To assess the fairness and reasonableness of the one-time compensation of 2.63% of the balance of the Retention Amount payable, we have conducted a comparable analysis identifying companies listed on the Main Board of the Stock Exchange (excluding companies under prolonged suspension or debt restructuring), which announced issues of promissory notes in acquisitions during the past twelve months period (i.e. from 1 June 2019) from the Latest Practicable Date ("**PN Comparable Issues**"). We consider such list as an exhaustive list of relevant comparable issues of promissory notes based on the said criteria above.

We consider the Retention Amount is similar to that of a promissory note used to settle consideration payments as both would involve payments to counterparties on a pre-agreed future date. We discussed with the ICBP Management and noted that the one-time compensation of 2.63% associated with the Retention Amount is equivalent to a financial return of 1.5% per annum (the "**Equivalent Rate**") on the Retention Amount payable to the Sellers in respect of the 21-month period between the anticipated Completion Date (on or around 31 July 2020) and 30 April 2022. There may be different reasons for the respective acquisitions and for issuing the promissory notes as part of their transactions. However, as our selection criteria capture recent issue of promissory notes by listed companies for mergers and acquisition activities, we consider these examples can provide us with a general reference on the recent market benchmarks for this type of transaction. Based on the above, we regard the PN Comparable Issues to be representative samples for assessing the fairness and reasonableness of the terms to the compensation mechanism relating to the Retention Amount.

Date of Announcement	Company Name	Stock Code	Amount	Rate per Annum	Maturity
			(HKD)	*(%)*	*(Year)*
11-Jun-19	Mayer Holdings Limited *(Note 1)*	1116	158,000,000	3.0	2.33
18-Jul-19	Hao Tian Development Group Limited	474	320,000,000	5.0	1.5
27-Sep-19	Huasheng International Holding Limited *(formerly known as Newtree Group Holdings Limited) (Note 2)*	1323	108,562,584	2.0	1.0 – 3.0
23-Mar-20	Daisho Microline Holdings Limited	567	23,000,000	2.0	2.0
23-Mar-20	Ming Lam Holdings Limited	1106	7,000,000	6.0	1.0
			Average	**3.6**	
			Maximum	**6.0**	
			Minimum	**2.0**	

Note 1: The calculation of maturity of the promissory note of approximately 2 years and 4 months is based on the fifth date after the transaction completion on 26 Nov 2019 (i.e. 3 Dec 2019) as defined under the definition of the subject company.

Note 2: The amount represents an aggregate of 3 promissory notes with 2% interest per annum each and maturity of 1, 2 and 3 years from the issue date respectively.

Based on the results above, the Equivalent Rate associated with the Retention Amount of approximately 1.5% per annum is lower than the range of approximately 2.0% to 6.0% per annum and lower than the average of approximately 3.6% per annum as derived from the PN Comparable Issues. The retention period, being approximately 21 months, is also within the range of maturities of the PN Comparable Issues. On the above basis, we consider the Equivalent Rate of approximately 1.5% per annum associated with the Retention Amount, which is essentially a delayed payment, is fair and reasonable.

5.4 Profit guarantee

Under the Agreement, the Sellers have jointly and severally undertaken that the average annual audited consolidated net profit after tax attributable to the parent of the Pinehill Group for the Guarantee Period shall not be less than US$128.5 million (equivalent to approximately HK$1,002.3 million) per annum (the "**Guaranteed Profit**").

We have discussed with the management of the Pinehill Group (the "**Pinehill Management**") its latest business performance in 2020 and whether the COVID-19 virus and the lockdown measures imposed by various countries have had any material affect. We also requested and were provided with the management accounts of the Pinehill Group for the four months ended 30 April 2020 (the "**Management Information**"). As shown in the Management Information, the sales of the Pinehill Group have shown remarkable growth as compared to the corresponding period in 2019. Besides the organic growth of the operating companies of the Pinehill Group, the Pinehill Management explained that the increase in sales has been positively influenced by enormous stocking up in view of the lockdown policies. Furthermore, the Pinehill Management is of the view that the lockdown policies have also positively benefited the "Indomie", "Supermi" and "Pop Mie" brand equities as consumers became more aware of its products. The Pinehill Management further explained that, in order to maintain sufficient food supply, local governments in most of those territories have provided support to and encouraged food manufacturing companies like the Pinehill Group to continue their operations. Though there have been from time to time challenges in distribution and logistics of supplies and/or products due to restriction in movement during the lockdown/curfew, according to the Pinehill Management these have been manageable and have not caused material disruption to the business as a whole. In addition, according to the Management Information, net profit attributable to owners of Pinehill has also increased as compared to the corresponding period in 2019 (adjusted for the Relevant Finance Expenses). In particular, the growth in net income of PAFL (its operating markets being Saudi Arabia with its surrounding countries) and DUFIL (its operating markets being Nigeria and Ghana) were substantial. As disclosed in Appendix II of the Circular, the export destinations of Iraq and Gulf Cooperation Council ("**GCC**") countries (UAE, Kuwait, Oman, and Bahrain) are the most important. In the first four months of 2020, because of COVID-19 induced buying exceeded supply for many of Pinehill's export destinations and preference was given to GCC countries because of the higher profit margin generated. Sales volume to GCC countries has also increased compared to 2019. In general, the Pinehill Management consider that, based on the Management Information, COVID-19 has not had an overall material adverse impact on the Pinehill Group's business and that the latest business growth generally in line with their expectation.

Based on the information available to us so far, in particular, the latest growth in net profit attributable to owners of Pinehill for the first four months in 2020 being in line with the implied growth rate under the Guaranteed Profit, the Pinehill Group appears to be on track to achieve a level of profitability for 2020 consistent with the Guaranteed Profit. Barring unforeseen circumstances and bearing in mind the achieved historical growth of around 47% as represented by the Adjusted Profit in FY2019 and assuming the latest 2020 year-on-year growth continues, we consider that the level of 2021 profitability needed to achieve the Guaranteed Profit could be attainable.

5.5 Adjustment to the Consideration

The Agreement provides that if the average annual audited consolidated net profit after tax of the Pinehill Group for the Guarantee Period is less than 95% of the Guaranteed Profit, the Consideration shall be adjusted in accordance with the following formula:

adjustment amount = (a – b) x c

whereas:

a = US$128.5 million (equivalent to approximately HK$1,002.3 million), being the Guaranteed Profit.

b = the actual average audited consolidated net profit after tax of the Pinehill Group for the Guarantee Period as derived from the Pinehill Group's Financial Statements (the "**Actual Profit**"); and

c = 23, being the price earnings multiple of the Pinehill Group as mutually agreed between the parties.

If the Actual Profit is less than 95% of the Guaranteed Profit, First Pacific will comply with the disclosure requirements under Rule 14.36B(2) and 14A.63 of the Listing Rules. Once an adjustment is triggered, the amount to be deducted from the Consideration is based on the whole shortfall, multiplied by the price earnings multiple of 23 times. No upward adjustment will be made to the Consideration in the event that the average annual audited consolidated net profit after tax of the Pinehill Group for the Guarantee Period exceeds the Guaranteed Profit. The amount of any adjustment resulting from the Guaranteed Profit which exceeds the Retention Amount shall be payable by the Sellers, proportionally, to ICBP.

Given that the Pinehill Group operates in countries which are still in the development stage, among others, possible fluctuations in foreign exchange rate changes which is not directly related to its business performance and/or any other additional uncertainties to the overall market environment may have an unexpected effect on the Pinehill Group's operation. The rationale for the 5% buffer (the "**Tolerance Allowance**") is to relieve the parties from claims for adjustments to the Consideration which, in the context of the overall size of the Proposed Acquisition, can reasonably be regarded as below the threshold of materiality, and to reflect the commercial agreement that there is no upward adjustment to the Consideration, if the profit guarantee is exceeded. In this regard, we have taken into account the Tolerance Allowance in totality in evaluating the Consideration, details of which is discussed in the section headed "6. Evaluation of the Consideration" below.

In totality, taking into account that (i) the Retention Amount will be automatically and proportionally reduced if the Actual Profit does not match the Guaranteed Profit for the respective Guaranteed Period; (ii) the Retention Amount, if any, will only be released to the Sellers if and when the Guaranteed Profit is met; (iii) if there are any adjustments resulting from the Guaranteed Profit which exceeds the Retention Amount, the Sellers will, as based on the Agreement, reimburse ICBP proportionally; (iv) as discussed in detail in the sections below, the Consideration is considered reasonable when the Tolerance Allowance is also taken into account; and (v) there is no upward adjustment in the event that the Actual Profit exceeds the Guaranteed Profit, we are of the view that such mechanism to adjust the Consideration is in the interests of First Pacific and its Shareholders as it serves as a deferred payment and an automatic means of adjustment to the Consideration if necessary.

5.6 Conditions Precedent

Completion is conditional upon and subject to the satisfaction of the following Conditions Precedent:

(1) Announcement of the Proposed Acquisition by ICBP in accordance with applicable rules and regulations of Indonesia.

(2) Approval of the Proposed Acquisition at a general meeting of shareholders convened by ICBP no later than 28 August 2020, in accordance with applicable rules and regulations of Indonesia.

(3) Approval of the Proposed Acquisition as a very substantial acquisition and a connected transaction of First Pacific under Chapters 14 and 14A, respectively, of the Listing Rules, by an ordinary resolution of Independent Shareholders passed at the SGM to be held by no later than 28 August 2020.

(4) Delivery by the Sellers of all prior written consents or waivers as may be required from creditors of the Sellers in connection with the Proposed Acquisition.

(5) Receipt by the Sellers of all corporate approvals as may be required under their respective memorandum and articles of association in connection with the Proposed Acquisition.

(6) Delivery by ICBP of all prior written consents or waivers as may be required from the respective creditors of ICBP and/or Indofood (as the case may be) in connection with the Proposed Acquisition.

(7) A facility agreement in relation to the financing of the Proposed Acquisition having been entered into by ICBP and all conditions to drawdown under such facility agreement having been satisfied.

The Conditions Precedent set forth in (1), (2) and (3) above cannot be waived. If any of the Conditions Precedent set forth in (1), (2) or (3) above is not fulfilled, ICBP and the Sellers shall not be obligated to fulfil the Conditions Precedent set forth in (4), (5), (6) and (7) above, and the Agreement shall terminate and cease to be binding on the parties.

The Agreement provides that upon satisfaction of the Conditions Precedent set forth in (1), (2) and (3) above, each of ICBP and the Sellers shall use all reasonable endeavours to fulfill the Conditions Precedent set forth in (4), (5), (6) and (7) above. The Agreement further provides that if any of the Conditions Precedent set forth in (4), (5), (6) and (7) above is not fulfilled or waived in accordance with the Agreement on or prior to the Long Stop Date, ICBP and the Sellers shall not be obliged to proceed to Completion and the Agreement shall thereafter terminate and cease to be binding on the parties.

If the Agreement is terminated as a result of the non-fulfilment of the Conditions Precedent, ICBP and the Sellers shall not have any liabilities towards each other under the Agreement arising out of such non-fulfilment of the Conditions Precedent.

As at the Latest Practicable Date, the Condition Precedent set forth in (1) above has been fulfilled.

5.7 Completion

Completion shall take place on the date falling five Business Days after all of the Conditions Precedent are satisfied or waived (as the case may be) (the "**Completion Date**").

6. Evaluation of the Consideration

As disclosed in the letter from the Board in the Circular, the Consideration of US$2,998 million (equivalent to approximately HK$23.4 billion) is determined with reference to the reasons for and benefits of the Proposed Acquisition and, among others, the price earnings multiples of 11 comparable public companies (6 in Africa and the Middle East and 5 in Southeast Asia) engaged in food manufacturing and processing in their respective regions and otherwise having similar characteristics to the Pinehill Group. Based on the data quoted from Bloomberg L.P., as at 31 December 2019, the overall mean price earnings multiple of the group of 11 comparable companies was 23.5 times and their overall median price earnings multiple was 23 times. We have reviewed the aforesaid 11 comparable public companies selected by ICBP and noted that some of aforesaid comparable companies produce a broad spectrum of other food products such as dairy products, beverages, confectioneries, oil and/or others.

In conducting our independent assessment and as a cross check for comparison purposes, we have, on a best effort basis, identified ten companies ("**Comparable Companies**") (i) whose shares are listed on a recognised stock exchanges around the world; (ii) are principally engaged in the manufacturing and sales of instant noodle products; (iii) have revenue generated from instant noodle business representing not less than 50% of total revenue for their respective latest published financial year; and (iv) are profit-making in their latest published financial year. Although the Comparable Companies may not have the same geographical focus as that of the Pinehill Group, however, given the fact that the Comparable Companies are nevertheless key players in the instant noodle products industry, we consider the selected companies would still serve as a fair and representative sample for the purpose of drawing a comparison to the Pinehill Group based on the Consideration and is an exhaustive list based on the selection criteria. We consider the use of price-to-earnings ratio ("**P/E Ratio(s)**") to be a suitable valuation methodology as it is a common financial analysis tool used to evaluate companies with a proven track record.

Set out in the table below are the details of the Comparable Companies and their respective P/E Ratios:

Company Name	Stock Code	Market Capitalisation *(US$)* *(Note 1)*	Profit attributable to owners of the equity *(US$)* *(Note 2)*	P/E Ratio *(Note 2)*
Toyo Suisan Kaisha Ltd	TYO: 2875	6,010,316,439	217,742,386	27.60
Nissin Foods Holdings Co. Ltd.	TYO: 2897	9,125,817,267	273,037,161	33.42
NongShim Co. Ltd.	KRX: 004370	1,879,834,144	58,509,543	32.13
Samyang Foods Co. Ltd.	KRX: 003230	850,521,720	49,080,137	17.33
Nestlé Nigeria Plc *(Note 3)*	LAG: NESTLE	2,242,342,383	118,074,730	18.99
Flour Mills of Nigeria PLC *(Note 3)*	LAG: FLOURMILL	216,199,907	10,618,684	20.36
Nissin Foods Company Limited	1475.HK	851,191,588	32,174,872	26.46
Thai President Foods Public Company Limited	BKK: TFMAMA	2,100,967,011	126,262,952	16.64
PT Indofood CBP Sukses Makmur Tbk.	IDX: ICBP	7,455,291,186	359,913,500	20.71
Nestlé (Malaysia) Berhad *(Note 3)*	KLSE: 4707	7,638,704,028	157,130,881	48.61
			Average	**26.23**
			Median	**23.58**
			Maximum	**48.61**
			Minimum	**16.64**

Source: Bloomberg, website of the Stock Exchange and respective latest published financial reports of the Comparable Companies

Notes:

1) The market capitalisation of the Comparable Companies is calculated based on their respective closing price per share and number of issued shares as at the Latest Practicable Date.

2) P/E Ratios of the Comparable Companies are calculated based on the profit attributable to owners of the relevant Comparable Companies as published in their respective latest financial reports and the respective market capitalisation as at the Latest Practicable Date.

3) Sales of instant noodles products were not separately disclosed in the respective annual reports however, were grouped under a segment which represented over 50% of their respective total revenue for the year. As such, for prudent sake, we have included these companies in our analysis.

4) The figures above denote the US$ equivalent amounts as translated from their original currencies.

As shown in the table above, the P/E Ratios of the Comparable Companies ranged from around 16.64 times to 48.61 times with an average of around 26.23 times. The P/E Ratio of the Pinehill Group of 23 times is lower than the average P/E Ratio of the Comparable Companies, which is considered favourable.

We have also considered the comparable analysis taken into account the Tolerance Allowance. If the Tolerance Allowance was taken into account, the implied P/E Ratio of the Pinehill Group would increase from 23 times to approximately 24.6 times. Based on the results of the comparable analysis above, such implied P/E Ratio of the Pinehill Group is still within the range and lower than the average P/E Ratio of the Comparable Companies.

Having considered that (i) the reasons for and benefits of the Proposed Acquisition is fair and reasonable, detailed discussion is set out under the section headed "4. Reasons for and benefits of the Proposed Acquisition"; (ii) the P/E Ratio of the Pinehill Group is lower as compared to the average P/E Ratio of the Comparable Companies derived from our comparable analysis above, we consider the Consideration is fair and reasonable.

7. Financial information of the First Pacific Group and financial effects of the Proposed Acquisition

(a) Financial Information of the First Pacific Group

Historical financial performance of the First Pacific Group

Set out below is certain key financial information on the First Pacific Group as extracted from the consolidated income statements and accompanying notes prepared in accordance with HKFRS for the years ended 31 December 2017, 2018 and 2019, details of which are set out in the 2018 Annual Report and the 2019 Annual Report:

	For the year ended 31 December		
	2019	**2018**	**2017**
	(Audited)	*(Audited)*	*(Audited)*
	US$ millions	*US$ millions*	*US$ millions*
Revenue			
Consumer food products	5,631.8	5,438.0	5,490.6
Telecommunications	–	–	–
Infrastructure	2,422.9	2,304.4	1,806.2
Natural resources	–	–	–
	8,054.7	7,742.4	7,296.8
Cost of sales	(5,606.4)	(5,564.6)	(5,144.3)
Gross profit	2,448.3	2,177.8	2,152.5
Selling and distribution expenses	(606.2)	(553.4)	(542.9)
Administrative expenses	(673.2)	(621.0)	(609.5)
Other operating (expenses)/ income, net	(524.3)	(63.9)	10.7
Interest income	85.7	64.6	55.9
Finance costs	(477.4)	(422.3)	(386.5)
Share of profits less losses of associated companies and joint ventures	335.1	319.5	204.0
Profit before taxation	588.0	901.3	884.2
Taxation	(466.9)	(292.6)	(322.9)
Profit for the year	121.1	608.7	561.3
(Loss)/Profit for the year attributable to:			
– Owners of First Pacific	(253.9)	131.8	120.9
– Non-controlling interests	375.0	476.9	440.4
	121.1	608.7	561.3

Revenue

The First Pacific Group's activities are divided into 4 principal business activities namely, (i) consumer food products, (ii) telecommunications; (iii) infrastructure; and (iv) natural resources. Revenue for the Period, however, was mainly attributable to the consumer food products business segment and the infrastructure business segment which, respectively, accounted for around 70% and around 30% of the total revenue of the First Pacific Group for each of the three financial years ended 31 December 2017, 2018 and 2019. Revenue from the consumer food products business of the First Pacific Group is substantially attributable to Indofood, a 50.1% owned subsidiary of the First Pacific Group and together with its subsidiaries including ICBP, manufactures and distributes a wide range of food products: consumer branded products (noodles, dairy, food seasonings, beverages, snack foods and nutrition and special foods), wheat flour and pasta, agribusinesses, and distribution. Revenue from the infrastructure business is substantially attributable to MPIC Group holding a diverse set of assets in power, toll roads, water, healthcare, light rail and logistics.

Turnover of the First Pacific Group increased by around 6.1% from approximately US$7,296.8 million for FY2017 to approximately US$7,742.4 million for FY2018, which was mainly attributable to the higher revenue recorded at MPIC with the consolidations of PT Nusantara Infrastructure Tbk in July 2018 and Global Business Power Corporation in June 2017, while partly offset by weakness of the Indonesian Rupiah and the Filipino Peso reducing the US dollar value of revenue growth at Indofood and MPIC. Turnover continued to increase by around 4.0% to approximately US$8,054.7 million for FY2019 as compared to that for FY2018, which was mainly attributable to the higher revenues derived from both Indofood and MPIC.

Gross profit

Gross profit for FY2018 was comparable to that for FY2017 with a slight increase of approximately 1.2% mainly attributable to the increase in both Indofood's and MPIC's gross profit, partly offset by the depreciation in the average rupiah and peso exchange rates against the US$ during FY2018. Gross profit margin decreased to around 28.1% for FY2018 mainly as a result of a decrease in Indofood's gross margin due to a lower average selling price of crude palm oil and higher wheat costs. Gross profit for FY2019 increased by approximately 12.4% to approximately US$2,448.3 million mainly reflecting the increase in gross profits at both Indofood and MPIC, partly offset by a decrease in gross profit at RHI, and the appreciation in the average rupiah and peso exchange rates against the US$.

Profit attributable to owners of First Pacific

Profit attributable to owners of First Pacific increased by around 9.0% from approximately US$120.9 million for FY2017 to approximately US$131.8 million for FY2018 mainly as a result of the lower non-recurring losses by approximately 19.3% relating to the First Pacific Group's impairment provisions for assets, partly offset by the lower recurring profit mainly from Indofood, FPW Singapore Holdings Pte. Ltd and Philex during FY2018. The First Pacific Group reported a loss attributable to owners of First Pacific of approximately US$253.9 million in FY2019, mainly due to the increase in non-recurring losses to US$553.7 million as a result of a loss on disposal of Goodman Fielder Pty Limited, impairment provisions for investment in PLP, and MPIC's investments in Maynilad, MetroPac Movers, Inc. and other water investments, partly offset by MPIC's gain on deconsolidation of Metro Pacific Hospital Holdings, Inc. following completion of the divestment of its 40.1% interests by MPIC in December 2019.

The loss attributable to owners of First Pacific includes, amongst other things, net foreign exchange and derivative gains of US$6.8 million for FY2019 (2018: US$0.4 million, and 2017: US$16.4 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. First Pacific actively reviews the potential benefits of hedging based on forecast dividend income and enters into hedging arrangements for managing its foreign currency exposures in respect of dividend income and payments in foreign currencies on a transactional basis.

Financial position of the First Pacific Group

Set out below is a summary of the consolidated statement of financial position of the First Pacific Group as at 31 December 2018 and 31 December 2019 as extracted from the 2019 Annual Report:

	As at 31 December	
	2019	**2018**
	(Audited)	*(Audited)*
	US$ millions	*US$ millions*
Non-current assets		
Property, plant and equipment	4,938.7	5,157.4
Associated companies and joint ventures	4,787.7	4,877.3
Goodwill	693.2	1,111.5
Other intangible assets	5,004.7	4,182.5
Other non-current assets	1,435.6	1,312.3
	16,859.9	16,641.0
Current assets		
Cash and cash equivalents and short-term deposits	2,846.4	1,630.8
Restricted cash	106.0	103.2
Financial assets at fair value through other comprehensive income	9.9	289.6
Accounts receivable, other receivables and prepayments	1,070.7	1,133.9
Inventories	799.0	942.0
Other current assets	52.0	36.1
	4,884.0	4,135.6
Assets classified as held for sale	138.6	124.9
	5,022.6	4,260.5
Total Assets	21,882.5	20,901.5
Current liabilities		
Accounts payable, other payables and accruals	1,569.3	1,362.6
Short-term borrowings	2,262.8	2,281.1
Provision for taxation	97.3	57.3
Current portion of deferred liabilities, provisions and payables	542.5	419.8
	4,471.9	4,120.8
Liabilities directly associated with the assets classified as held for sale	25.4	19.5
	4,497.3	4,140.3
Net current assets	525.3	120.2
Total assets less current liabilities	17,385.2	16,761.2

	As at 31 December	
	2019	**2018**
	(Audited)	*(Audited)*
	US$ millions	*US$ millions*
Equity		
Equity attributable to owners of the parent	2,928.7	3,083.6
Non-controlling interests	5,829.3	5,626.8
Total Equity	8,758.0	8,710.4
Non-current liabilities		
Long-term borrowings	6,668.0	6,236.8
Deferred liabilities, provisions and payables	1,535.3	1,488.9
Deferred tax liabilities	423.9	325.1
	8,627.2	8,050.8
Total equity and non-current liabilities	17,385.2	16,761.2

Note: For the avoidance of doubt, the above financial figures may not be strictly comparable due to the change in accounting standards mainly on HKFRS 16 Leases (adopted by the First Pacific Group at 1 January 2019).

Total assets of the First Pacific Group amounted to approximately US$21,882.5 million as at 31 December 2019, which represented an increase of approximately 4.7% from US$20,901.5 million mainly as a result of increases in the balance for cash and cash equivalents and short-term deposits by approximately 74.5% from approximately US$1,630.8 million as at 31 December 2018 to approximately US$2,846.4 million as at 31 December 2019. The First Pacific Group's total assets mainly comprised, among other things, property, plant and equipment, associated companies and joint ventures, goodwill and other intangible assets.

Total liabilities of the First Pacific Group of approximately US$13,124.5 million as at 31 December 2019, which mainly comprised, among other things, borrowings and accounts payable, other payables and accruals, represented an increase of around 7.7% as compared to that as at 31 December 2018 of approximately US$12,191.1 million.

The First Pacific Group's net current assets increased by around 337.0% from approximately US$120.2 million as at 31 December 2018 to approximately US$525.3 million as at 31 December 2019. The First Pacific Group's current ratio slightly increased from approximately 1.0 time as at 31 December 2018 to approximately 1.1 times as at 31 December 2019. Gearing ratio of the First Pacific Group, as calculated by the net debt divided by total equity, decreased to around 0.68 times as at 31 December 2019 from 0.78 times as at 31 December 2018.

As at 31 December 2018 and 31 December 2019, total equity attributable to owners of First Pacific was approximately US$3,083.6 million and US$2,928.7 million, respectively. Based on the total number of issued Shares as at the Latest Practicable Date of 4,344,931,044, total equity attributable to owners of First Pacific per Share as at 31 December 2019 was approximately US$0.67 (equivalent to approximately HK$5.23).

(b) Financial effects of the Proposed Acquisition

Set out below are the possible financial effects of the Proposed Acquisition on the First Pacific Group. The unaudited pro forma financial information of the Enlarged Group illustrating the financial impact of the Proposed Acquisition on the results, assets and liabilities of the First Pacific Group is set out in Appendix IV to the Circular.

Earnings

Following Completion, the Pinehill Group will become a wholly owned subsidiary of ICBP and the revenue and costs of Pinehill Group will be consolidated in the financial results of the First Pacific Group.

According to the unaudited pro forma financial information of the Enlarged Group as set out in Appendix IV of the Circular, if the Acquisition had been completed on 1 January 2019, the pro forma loss of the Enlarged Group for FY2019 attributable to the owners of First Pacific would have remained largely comparable from approximately US$253.9 million (equivalent to approximately HK$1,980.4 million) to approximately US$250.8 million (equivalent to approximately HK$1,956.2 million).

In view of the track record of profitability of the Pinehill Group and the profit guarantee, it is expected that the Proposed Acquisition will contribute positively to the earnings of the Enlarged Group following Completion.

Assets and liabilities

Based on the 2019 Annual Report, the audited consolidated total assets and total liabilities of the First Pacific Group as at 31 December 2019 were approximately US$21,882.5 million (equivalent to approximately HK$170.7 billion) and US$13,124.5 million (equivalent to approximately HK$102.4 billion), respectively. Based on the unaudited pro forma financial information of the Enlarged Group as set out in Appendix IV to the Circular, assuming Completion had taken place on 31 December 2019, the pro forma total assets and total liabilities of the Enlarged Group would have been increased to approximately US$25,939.5 million (equivalent to approximately HK$202.3 billion) and US$15,871.2 million (equivalent to approximately HK$123.8 billion) respectively.

With reference to the unaudited pro forma financial information of the Enlarged First Pacific Group, we note that assuming Completion had taken place on 31 December 2019, the balance for goodwill of the Enlarged Group would have increased to approximately US$4,338.3 million (equivalent to approximately HK$33.8 billion), from approximately US$693.2 million (equivalent to approximately HK$5.4 billion) reported by the First Pacific Group based on the 2019 Annual Report. As disclosed under note 5 to the pro forma financial information, the adjustment to goodwill of the Enlarged Group takes into account of the difference between the Consideration and the net identifiable assets of the Pinehill Group, including fair value adjustments and any deferred tax effects as well as accounting for the fair value of the Pinehill Group's non-controlling interests. The fair value of goodwill will be subject to impairment tests based on the accounting policies of the First Pacific Group in subsequent periods.

Net asset value attributable to owners of the parent of the Enlarged Group will remain largely unchanged at approximately US$2,926.4 million (equivalent to approximately HK$22.8 billion) from approximately US$2,928.7 million (equivalent to approximately HK$22.8 billion) as at 31 December 2019 based on the unaudited pro forma financial information of the Enlarged Group as set out in Appendix IV of the Circular.

Working capital and gearing

The Proposed Acquisition will be funded by ICBP's internal resources and borrowings from third party banks. ICBP intends to satisfy the Consideration (a) as to US$300 million (equivalent to approximately HK$2,340 million) in cash from ICBP's internal resources generated by its operations; and (b) the balance of the Consideration from borrowings from third party banks. We note that ICBP is expected to enter into a five-year bank borrowing loan agreement of approximately US$2.05 billion (equivalent to approximately HK$16.0 billion) to fund the Consideration and as per ICBP Management, such borrowing will be undertaken solely by ICBP without support or recourse from Indofood or First Pacific. Accordingly, the total non-current liabilities of the First Pacific Group are expected to increase from approximately US$8,627.2 million (equivalent to approximately HK$67.3 billion) to approximately US$11,307.2 million (equivalent to approximately HK$88.2 billion) following Completion. Therefore, the gearing of the Enlarged Group, as represented by net debt divided by total equity, is expected to increase to approximately 0.82 times.

As stated in the section headed "Working Capital" in Appendix I of the Circular, the Directors are of the opinion that, after taking into account the financial resources available to the Enlarged Group including the cash flows generated from the operating activities and the available credit facilities, the Enlarged Group has sufficient working capital for its requirements for at least 12 months following the date of this Circular in the absence of any unforeseeable circumstances.

As discussed above, ICBP is expected to enter into a five-year bank borrowing loan agreement of approximately US$2.05 billion to fund the Consideration and as per ICBP Management, such borrowing will be undertaken solely by ICBP without support or recourse from Indofood or First Pacific. Based on the presently proposed documentation, such bank loan does not provide any additional restrictions on dividends paid by ICBP to Indofood or Indofood to First Pacific. In 2019, dividends from Indofood to First Pacific amounted to US$49.7 million, representing approximately 30% of First Pacific's dividend and fee income. Barring unforeseen circumstances, the management of Indofood considers its dividend payments to First Pacific will not be adversely affected, and should indue course be strengthen, by completion of the Proposed Acquisition.

It should be noted that the aforementioned analyses are for illustrative purpose only and do not purport to represent how the financial position/results of the Enlarged Group will be upon Completion.

DISCUSSION

In reaching our recommendation, we have considered the above principal factors and reasons set out in our letter, in particular:

ICBP is a large and successful company in its own right and capable of absorbing Pinehill

As discussed in the section headed "2. Information on the ICBP Group" above, ICBP has a track record of growing sales and profitability in the past three years. For the financial year 2019, its net sales reached approximately Rp42,296 billion (equivalent to approximately US$2,990 million) and its EBITDA was approximately Rp8,605 billion (equivalent to approximately US$614.7 million). ICBP has a market capitalisation of approximately US$7.4 billion, which is the largest in the First Pacific group of companies, and considerably larger than both its immediate parent Indofood (market capitalisation of approximately US$4.1 billion), and its ultimate parent First Pacific (market capitalisation of approximately US$0.9 billion). As at 31 December 2019, ICBP was in a net cash position. Consequently, we consider the acquisition of Pinehill, though large, is well with ICBP's capacity to finance and execute successfully.

ICBP is well positioned to assess the business and prospects of Pinehill

ICBP is a leading "consumer branded products" ("**CBP**") company in Indonesia (population around 267 million based on data available from The Worldbank database) where it has a dominant market share in instant noodles. As mentioned under the section headed "2. Information on the ICBP Group", ICBP's manufacturing base comprises 17 factories in Indonesia and one in Malaysia with a total annual production capacity of about 19 billion packs. Its products are represented in more than 60 countries globally, but not significantly in any of Pinehill's main markets. The Proposed Acquisition is a geographical extension of ICBP's core business.

Pinehill operates under the Arrangements with Indofood and ICBP, details of which are set out in section headed "2. Information on the ICBP Group" and section headed "3. Information on the Pinehill Group" above. Under these arrangements, ICBP has provided technical support to Pinehill Group's factories for over 20 years and has supplied packaging materials and key ingredients to Pinehill Group particularly in relation to the flavours and sauces of Pinehill Group's noodles. ICBP has witnessed first-hand Pinehill's multi-year growth and liaised closely with its management team throughout this period, and so is well positioned to assess the merits of the Proposed Acquisition.

Pinehill's history and development

The Pinehill Group's first factory commenced operations in Jeddah, Saudi Arabia in 1995, some 25 years ago. Pinehill Arabia Food Limited continues to be the Pinehill Group's principal subsidiary. DUFIL, the Pinehill Group's major associate, commenced operations shortly afterwards near Lagos, Nigeria. In 2019, DUFIL's sales in Nigeria and Ghana, which are not consolidated into the sales of the Pinehill Group because DUFIL is accounted for as an associate, reached US$578 million, exceeding the consolidated sales of the Pinehill Group. The Pinehill Group's fastest growing markets in 2019 were Egypt, Turkey and Yemen, with sales growth over 2018 exceeding 50%.

The wide range of Pinehill's markets is shown in the map in section 3 above. The eight countries where Pinehill has manufacturing facilities (with a total of 12 such facilities with an annual capacity of over 10 billion packs) are mostly shown in orange and the main surrounding markets supplied from these facilities are shown in green. The countries where Pinehill manufactures have a total population of approximately 550 million people, which rises to approximately 885 million people with the inclusion of countries where Pinehill's products are distributed.

In 2019, Pinehill's sales were about US$534 million, not including DUFIL's sales of about US$578 million, its Adjusted Profit was about US$78 million and its attributable net assets at 31 December 2019 were about US$174 million.

For the first four months of 2020, based on the latest Management Information, Pinehill's sales and net profit increased over the corresponding period of 2019. While the COVID-19 outbreak has affected some markets, other markets have seen sales boosted by stocking up so overall there has been no adverse effect.

Pinehill's market strengths

As mentioned above in the section headed "3. Information on the Pinehill Group", we noted Pinehill also has a dominant market share, estimated to be over 80%, in its main markets of Saudi Arabia, Nigeria and Egypt.

Apart from brand recognition, Pinehill's key strengths include well established manufacturing facilities and supply chains and powerful distribution networks in each market. Local manufacturing is important as some of Pinehill Group's markets have inefficient import procedures, import tariffs or bans. Distribution and market share also go hand-in-hand, as only with a high level of sales can an extensive distribution network be justified and supported. High sales also promote feedback from distributors and customers on changes in local tastes. The management of the Pinehill Group considers rapid response to changing customer tastes is a key factor in Pinehill's success. As mentioned in the letter from the Board, the trusted Halal status of Pinehill's products is also an important competitive advantage in certain markets.

Price of the Proposed Acquisition

Although considerable other analysis has been done, including financial projections market-by-market and a valuation exercise by Indonesian valuers, the negotiated price was based principally on two factors, (a) the estimated average net profits after tax of the Pinehill Group for 2020 and 2021 and (b) a price-to-earnings multiple of 23 times.

(a) Guaranteed average annual net profits

As set out in the section headed "5.4 Profit guarantee" above, the average annual profits of the Pinehill Group for the years 2020 and 2021 are guaranteed by the Sellers to be not less than US$128.5 million. This would require average annual growth of approximately 38.6%, which is less than the 2019 actual achieved growth in Adjusted Profit of 47% and in line with the profit growth for the first four months of 2020 based on the Management Information. Of the total purchase price of US$2,998 million, an amount of US$650 million (about 22%) has been retained, to be paid when Pinehill Group's audited results for 2020 and 2021 are available. When divided by the multiple of 23 times, the Retention Amount of US$650 million is equivalent to an "automatic adjustment" buffer of approximately US$28 million compared with the guaranteed average annual profit of US$128.5 million. The mechanism for adjustment to the Consideration is set out in the section 5.4 above "Profit guarantee".

The profit guarantee is given jointly and severally by the Sellers. Any adjustment due under its terms is not limited to the Retention Amount, but applies equally to any shortfall beyond that amount. On the other hand, if the actual profit exceeds an average of US$128.5 million, there is no upward adjustment of the Consideration. On this basis, the first part of the calculation of the Consideration, Pinehill Group's earnings, is in our view substantially de-risked.

(b) Multiple

(i) Comparables

The multiple of earnings of 23 times is based on multiples applicable to 6 listed companies in the Middle East and Africa and 5 companies in South-East Asia which ICBP considers comparable, having a range of 12.0 times to 43.3 times and an average of 23.5 times. As explained in the section headed "6. Evaluation of the Consideration" above, as a cross check, we have researched a further group of 10 companies which we also consider comparable which with two exceptions are listed on Asian exchanges. They have multiples in the range of 16.64 times to 48.61 times with an average of around 26.23 times. If instead of the average profit guarantee, Pinehill's 2019 Adjusted profit of US$77.7 million were used, the P/E Ratio based on the Consideration would be approximately 38.6 times, which is within the above ranges.

(ii) Growth prospects

We have also considered the forward multiple of 23 times in light of the growth prospects of Pinehill, as we consider a forward multiple of 23 times requires that the opportunities for future growth are significant.

As set out in the section headed "3. Information on the Pinehill Group" and "4. Reasons for and benefits of the Proposed Acquisition" above, we consider that there is substantial room for growth in Pinehill Group's markets, both from the underlying demographics of its markets and increases in CPC. ICBP believes Pinehill Group's markets are following a broadly similar CPC trajectory as Indonesia. In Nigeria and Saudi Arabia, for example, the CPC is about the same as Indonesia in the early 1990's, following the initial acceptance by Indonesian consumers of a wheat-based product as opposed to the more familiar rice. In the next decade, Indonesian CPC doubled from about 20 packs per annum to over 40 packs per annum. As discussed in detail in section headed "4. Reasons for and benefits of the Proposed Acquisition" above, CPCs for the regions where the Pinehill Group operates are still relatively low as compared to mature markets like Indonesia.

In addition, there is scope for Pinehill Group's margins to improve, both through economies of scale as volumes increase and through demand for more flavours as tastes become more sophisticated. In an early stage, a market may only require one flavour, whereas a mature market may demand up to five sachets with different flavours per serving. Additional flavours normally benefit the sales margin. In addition, demand for "cup noodles" tends to increase as markets mature, in addition to the regular "pillow" packaging, again improving margins.

The latest available figures for 2020, based on Management Information covering the first four months of the year, appears to support Pinehill's growth trends.

Based both on the comparable companies analysis and the specific growth prospects of the Pinehill Group, we consider that a forward multiple of 23 times, the second element in the calculation of the Consideration, is supported both by comparable analysis and growth prospects.

Retention Amount

Of the US$2,998 million (equivalent to approximately HK$23.4 billion) Consideration (subject to adjustment), US$650 million (equivalent to approximately HK$5,070 million) is the Retention Amount, payment of which is deferred as a protection for ICBP in view of the profit guarantee. Such deferred payment will also reduce the immediate cash outflow of ICBP. The one-time compensation of 2.63% which applies is roughly equivalent to 1.5% per annum on the Retention Amount. As discussed in the sub-section above headed "5.3 Payment of Consideration", we consider such Equivalent Rate reasonable as compared to interest rates involved in the PN Comparable Issues with an average rate of around 3.6% per annum.

Financial Effects of the Proposed Acquisition on First Pacific

Appendix IV of the Circular sets out unaudited pro forma financial information on the Enlarged Group, on the bases set out in the Appendix, which reproduces a report by Ernst & Young, the reporting accountants and auditors of First Pacific. Shareholders may wish to note that the figures presented are the consolidated effects on First Pacific of a purchase made by ICBP in which First Pacific only has an attributable interest of approximately 40%. In addition, the Pinehill Group itself has layers of minority interests. For example, under First Pacific's accounting practice, assets and liabilities of SAWATA in Egypt will be consolidated in First Pacific's balance sheet despite First Pacific holding an attributable interest of only approximately 20.2%. This produces some counter-intuitive effects, for example the increase in goodwill at the First Pacific level of US$3.6 billion exceeds the entire purchase price for Pinehill of approximately US$3 billion owing in part to the effect on consolidation of the large number of minority interests involved.

(a) Financial position (balance sheet)

The equity attributable to owners is broadly unchanged at approximately US$2.9 billion. This is because the Pinehill Group is being bought for cash, without any equity being issued, which has a neutral pro forma effect on net assets. The main changes in the balance sheet include goodwill increasing by about US$3.6 billion, borrowings increasing by about US$2 billion and cash decreasing by about US$300 million. We regard the increases in goodwill and borrowings as risk factors and comment on them below.

(b) Income statement

Revenue increases modestly by the addition of Pinehill's 2019 sales of US$533.5 million, less an amount of US$117.4 million reflecting the sales of ingredients and other items by the First Pacific Group to the Pinehill Group in 2019 which will be eliminated on consolidation after the completion of the Proposed Acquisition. DUFIL's 2019 revenue of US$578.1 million is not consolidated as it is accounted for as an associate of the Pinehill Group.

On the basis set out in Appendix IV, the Group made an attributable loss of US$254 million (principally due impairment provisions of US$411.2 million). The Pinehill Group made an Adjusted Profit of approximately US$77.7 million after adjusting for interest not directly related to its operations. On a pro forma basis, after adjustment for interest in respect of the funding of the Proposed Acquisition and other costs there is little change to the loss attributable to the shareholders of First Pacific.

In a full year after completion, and assuming the profit guarantee of US$128.5 million average over 2020-21 is met, the Proposed Acquisition should contribute positively to the earnings of the First Pacific Group.

(c) Cash flow

The pro forma effects on cash flow show a decrease in cash of approximately US$300 million, largely because ICBP will use US$300 million of its existing cash to fund part of the Consideration.

The Proposed Acquisition is being made by a sub-subsidiary of First Pacific with no cash contribution or guarantee from First Pacific itself. As far as cash flow is concerned, in practical terms, the effect on First Pacific as a singleton company depends on whether the dividend flow from Indofood will be affected by the Proposed Acquisition. In 2019, dividends from Indofood to First Pacific amounted to US$49.7 million, representing approximately 30% of First Pacific's dividend and fee income. As stated in the letter from the Board in the Circular, barring unforeseen circumstances, the management of Indofood considers its dividend payments to First Pacific, which partly depend on Indofood's dividend receipts from ICBP, will not be adversely affected, and should in due course by strengthened, by the completion of the Proposed Acquisition. At the Latest Practicable Date, shares of First Pacific currently stand at a dividend yield of approximately 8.2%, which we regard as a support for its share price. This yield is based on the 2019 interim and final dividends totalling HK$0.135 per Share, which absorbed approximately US$75 million.

Risk factors

Pinehill Group's markets can be classified as "emerging" and consequently are subject to various risks including as to whether projections of growth will prove broadly accurate.

Our comments on growth are summarised in the previous section on "Price of the Proposed Acquisition" and described in more detail in sections 3 and 4. We regard the other main risks of the Proposed Acquisition to be:

(a) Foreign exchange risk

ICBP's accounts are drawn up in Indonesian rupiah, while the Proposed Acquisition is being substantially financed in US dollars. First Pacific's accounts are also drawn up in US dollars. Pinehill Group's sales are mainly made by its subsidiaries and associated companies in local currencies, although the sales of PAHL are in Saudi Riyals which have been pegged to the US$ since 2003, and certain dividends are paid to Pinehill in US dollars. Overall, there remains some mismatch in currencies which is impractical or too costly to hedge effectively. However, the First Pacific Group is well used to handling currency risks as evidenced by the present group income being substantially in Indonesian Rupiah and Philippine pesos, whereas its accounts are in US dollars, as are most of the First Pacific Group's current bank borrowings. As mentioned in the section headed "7. Financial information of the First Pacific Group and financial effects of the Proposed Acquisition", First Pacific actively reviews the potential benefits of hedging based on forecast dividend income and enters into hedging arrangements for managing its foreign currency exposures in respect of dividend income and payments in foreign currencies on a transactional basis. Consequently, we believe the First Pacific Group is already experienced in managing currency risks of the type involved in the Proposed Acquisition through its day-to-day operations.

(b) Goodwill

Pinehill Group has net assets attributable to its shareholders of approximately US$174.3 million. Given its strong profitability and cash flow, this has proved adequate to finance its growth. As at 31 December 2019, the Pinehill Group had no bank borrowings and cash on hand of approximately US$67.5 million (equivalent to approximately HK$526.5 million). Nevertheless, as discussed in section 7 headed "Financial information of the First Pacific Group and financial effects of the Proposed Acquisition" above, the consideration of US$2,998 million (equivalent to approximately HK$23.4 billion) is very substantially above Pinehill Group's attributable net assets and will give rise to a large amount of goodwill as set out in Appendix IV.

The First Pacific Group has grown in part by making acquisitions valued principally on the basis of earnings rather than assets, which has given rise to goodwill and intangible assets on its consolidated balance sheet being in excess of US$5.6 billion as at 31 December 2019. The risk of impairment of goodwill in the case of the Proposed Acquisition is in our view mitigated somewhat by the Guaranteed Profit.

(c) Increase in bank borrowings

ICBP is negotiating terms to borrow approximately US$2.05 billion to pay the main proportion of the Consideration due at Completion, and in due course must fund the deferred element of the Consideration. The syndicated loan which ICBP is finalising contains covenants on cash flow and interest cover, creating a risk if covenants are not met. The syndicated loan is intended to have a 5-year maturity with some capital repayments before that. However, ICBP has a strong balance sheet with a net cash position as at 31 December 2019, at which date the Pinehill Group was also ungeared. Both ICBP and Pinehill Group have strong projected cash flows.

Based on presently proposed documentation, the loan to ICBP is not guaranteed by its immediate parent, Indofood, or its ultimate parent, First Pacific, and no "comfort letter" or other support has been required from First Pacific. The proposed documentation contains normal financial covenants, which the management of ICBP is confident it can meet while continuing to make dividend payments to Indofood.

Decrease in continuing connected transactions

At present, because of the support provided to Pinehill by Indofood and ICBP pursuant to the Arrangements as summarised in the section headed "3. Information on the Pinehill Group" above, the Arrangements constitute continuing connected transactions for First Pacific pursuant to requirements under Chapter 14A of the Listing Rules. It is expected that the noodles business continuing connected transactions between Indofood/ICBP and the Salim Group will be substantially eliminated following completion of the Proposed Acquisition. The First Pacific Group's efforts to reduce continuing connected transactions are in line with its corporate governance policies.

In summary, in our view, ICBP, which is a large and successful group in its own right with a solid track record, is well placed to understand and assess Pinehill Group's business and execute the Proposed Acquisition effectively. Growth prospects for Pinehill Group's business appear promising, both in volume and profit margin. The Consideration is supported by the Profit Guarantee and the Retention Amount. As far as possible, the risks of the transaction are mitigated by the experience of the First Pacific Group and the strong financial position of ICBP. On the upside, the Proposed Acquisition can be a transformative step building on the foundation ICBP has already created. Following the Completion, the enlarged ICBP would become one of the largest producers of instant noodles in the world. The First Pacific Group would join an elite group of leading international food companies.

RECOMMENDATION

Having taken into account the principal factors and reasons set out above, we considered that (i) while the Proposed Acquisition is within, and complementary to, a core business of the first Pacific Group (which is engaged, through Indofood and ICBP, in the manufacture and distribution of instant noodles), due to the size, connectedness, infrequency and strategic significance of the Proposed Acquisition it is not a transaction in the ordinary and usual course of business of the First Pacific Group; and (ii) the terms of the Proposed Acquisition and the transactions contemplated thereunder are on normal commercial terms and are fair and reasonable so far as the shareholders of First Pacific are concerned and in the interests of First Pacific and its shareholders as a whole. We therefore advise the Independent Board Committee to recommend, and ourselves recommend, the Independent Shareholders to vote in favour of the resolution to be proposed at the SGM to approve the Proposed Acquisition.

Yours faithfully,
for and on behalf of
SOMERLEY CAPITAL LIMITED
M. N. Sabine — **Lyan Tam**
Chairman — *Director*

Mr. M.N. Sabine is a licensed person registered with the Securities and Futures Commission and a responsible officer of Somerley Capital Limited, which is licensed under the SFO to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities. He has over thirty years of experience in the corporate finance industry.

Ms. Lyan Tam is a licensed person registered with the Securities and Futures Commission and a responsible officer of Somerley Capital Limited to carry out Type 6 (advising on corporate finance) regulated activities under the SFO and has over 17 years of experience in corporate finance industry.

1. FINANCIAL INFORMATION OF THE GROUP FOR EACH OF THE THREE YEARS ENDED 31 DECEMBER 2017, 2018 AND 2019

Financial information of the Group for each of the three years ended 31 December 2017, 2018 and 2019 is disclosed in the following documents which have been published on the Stock Exchange's website (www.hkexnews.hk) and the Company's website (www.firstpacific.com) and can be accessed at the website addresses below:

- Annual report of the Company for the year ended 31 December 2017 published on 26 April 2018 (pages 124 to 245)

  https://www1.hkexnews.hk/listedco/listconews/sehk/2018/0426/ltn201804261042.pdf

- Annual report of the Company for the year ended 31 December 2018 published on 29 April 2019 (pages 127 to 254)

  https://www1.hkexnews.hk/listedco/listconews/sehk/2019/0429/ltn20190429930.pdf

- Annual report of the Company for the year ended 31 December 2019 published on 23 April 2020 (pages 119 to 239)

  https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0423/2020042300520.pdf

2. INDEBTEDNESS AND BORROWINGS

As at the close of business on 30 April 2020, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the Enlarged Group had outstanding borrowings of approximately US$9,150.1 million (approximately HK$71,370.8 million). The borrowings comprised secured bank loans of US$1,867.7 million (approximately HK$14,568.1 million), unsecured bank loans of US$6,060.3 million (approximately HK$47,270.3 million), secured other loans of US$251.6 million (approximately HK$1,962.5 million) and unsecured other loans of US$970.5 million (approximately HK$7,569.9 million).

The secured bank loans and secured other loans were secured by certain of the Enlarged Group's property, plant and equipment, accounts receivables, cash and cash equivalents, inventories and assets classified as held for sale and the Enlarged Group's interest of 12% in PLDT, Inc. ("**PLDT**"), 56% in Global Business Power Corporation, 55% in Light Rail Manila Corporation, 100% in AIF Toll Road Holdings (Thailand) Limited, 29.5% in Don Muang Tollway Public Company Limited, 100% in MPCALA Holdings, Inc., 100% in Cebu Cordova Link Expressway Corporation, 35% in PT Jakarta Lingkar Baratsatu, 88.9% in PT Bintaro Serpong Damai, 99.5% in PT Bosowa Marga Nusantara, 99.4% in Jalan Tol Seksi Empat, 0.9% in PT Nusantara Infrastructure Tbk and 70% in PacificLight Power Pte Ltd. ("**PLP**").

The other loans comprised secured bonds of US$251.6 million (approximately HK$1,962.5 million), unsecured bonds of US$947.8 million (approximately HK$7,392.8 million) (as described below), unsecured trust receipt loans of US$22.2 million (approximately HK$173.2 million) and others. The bonds issued by the Enlarged Group as at 30 April 2020 comprised the following:

(a) Secured bonds of US$251.6 million (approximately HK$1,962.5 million) (with a face value of US$251.8 million or HK$1,964.0 million) issued by FPT Finance Limited, a wholly owned subsidiary company of the Company, in September 2010, with a coupon rate of 6.375% per annum, are payable semi-annually, and will mature in September 2020. The bonds are guaranteed by the Company and are secured by a 12% interest in PLDT.

In January 2020, the Company repurchased US$0.1 million (approximately HK$0.8 million) of the above-mentioned bonds at an aggregate consideration of US$0.1 million (approximately HK$0.8 million). These bonds were subsequently cancelled.

(b) Unsecured bonds of US$356.3 million (approximately HK$2,779.1 million) (with a face value of US$357.8 million or HK$2,790.8 million) issued by FPC Treasury Limited, a wholly owned subsidiary company of the Company, 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.

In April 2020, the Company repurchased US$1.0 million (approximately HK$7.8 million) of the above-mentioned bonds at an aggregate consideration of US$1.0 million (approximately HK$7.8 million). These bonds were subsequently cancelled.

(c) Unsecured bonds of US$174.4 million (approximately HK$1,360.3 million) (with a face value of US$175.0 million or HK$1,365.0 million) issued by FPC Capital Limited, a wholly owned subsidiary company of the Company, 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.

(d) Unsecured Rupiah bonds of Rupiah 2.0 trillion (approximately US$131.6 million or HK$1,026.5 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 bonds of US$30.0 million (approximately HK$234.0 million) issued by Metro Pacific Tollways Corporation, a subsidiary of MPIC, in September 2019, with a coupon rate of 2.0645% per annum, and will mature in September 2020.

(f) Unsecured Peso bonds of Pesos 4.4 billion (approximately US$86.5 million or HK$674.7 million) issued by NLEX Corporation, a subsidiary of MPIC, in March 2014, with a coupon rate of 5.07% per annum, are payable quarterly and will mature in March 2021.

(g) Unsecured Peso bonds of Pesos 2.6 billion (approximately US$51.1 million or HK$398.6 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.

(h) Unsecured Peso bonds of Pesos 4.0 billion (approximately US$78.6 million or HK$613.1 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.

(i) Unsecured Peso bonds of Pesos 2.0 billion (approximately US$39.3 million or HK$306.5 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.

Since PLP was not able to comply with the debt service coverage ratio of at least 1.1 times in June and December 2019 and did not repay the principal instalment in December 2019, the secured bank loans of US$478.9 million (approximately HK$3,735.4 million) were still classified as current liabilities as at 30 April 2020. The standstill agreement with the lenders obtained by PLP to suspend the debt covenant testing and principal repayment was further extended from 31 March 2020 to 30 June 2020.

In addition to the above mentioned, the Enlarged Group and the non-controlling shareholders of certain non-wholly owned subsidiaries had provided unsecured loans to such subsidiaries pro rata to their respective economic interests in the relevant subsidiaries. As at 30 April 2020, the balance of such loans from the non-controlling shareholders was US$211.4 million (approximately HK$1,648.9 million).

As at 30 April 2020, the Enlarged Group also had lease liabilities of US$73.4 million (approximately HK$572.5 million) arising from lease contracts for various items of property, machinery, vehicle and other equipment.

As at 30 April 2020, except for guarantees of US$35.5 million (approximately HK$276.9 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 Enlarged Group did not have any material contingent liabilities.

Save as aforesaid, and apart from intra-group liabilities, the Enlarged Group did not have outstanding at the close of business on 30 April 2020 any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances or acceptance credits, debentures, mortgages, charges, finance leases or hire purchase commitments, guarantees or other contingent liabilities.

There has been no material change in the Enlarged Group's outstanding indebtedness and contingent liabilities from 30 April 2020 to the Latest Practicable Date.

3. WORKING CAPITAL SUFFICIENCY

After due and careful consideration, the Directors are of the opinion that, taking into account the financial resources available to the Enlarged Group including cash flows generated from the operating activities and the available credit facilities, the Enlarged Group has sufficient working capital for its requirements for at least 12 months from the date of this circular.

4. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2019, being the date to which the latest published audited consolidated financial statements of the Group were made up.

5. MANAGEMENT DISCUSSION AND ANALYSIS OF THE GROUP

For details about the management discussion and analysis on the Group for the three years ended 31 December 2019, 2018 and 2017, please refer to the sections headed "Operational Review" of the Company's annual reports for the year ended 31 December 2019, 2018 and 2017. For further financial information of the Group, please refer to the sections headed "Financial Review" of the Company's annual reports for the years ended 31 December 2019, 2018 and 2017.

6. FINANCIAL AND TRADING PROSPECTS OF THE ENLARGED GROUP

The Company and the Group's principal investments have had the following material developments since 31 December 2019.

The Company is committed to delivering value to Shareholders and maximizing business growth opportunities through efficient capital and asset allocations. To remain robust and resilient in an ever-changing business environment, the Group has been assessing different opportunities with an aim to optimize its business portfolio and improve the efficiency of resources utilization. At the same time, the Group is proactively exploring and expanding into businesses compatible with its corporate philosophy to boost future cash flow contributions and sustainable growth via responsible investment while enhancing corporate value.

The Company reviews its funding requirements and debt maturity profile regularly to maintain financial flexibility for its operations, potential investments and growth plans, while keeping its gearing levels at a moderate level throughout the years. In December 2019, the Company completed the sale of its investment in Goodman Fielder Pty Limited and received proceeds of US$275 million (approximately HK$2,145 million). Approximately US$252 million (approximately HK$1,965.6 million) of these proceeds have been set aside for repayment of a bond maturing on 28 September 2020. This is expected to reduce the Company's Gross Debt to US$1,414 million (approximately HK$11,029.2 million) from US$1,666 million (approximately HK$12,994.8 million) currently.

The Company and the Group's principal investments have had the following material developments described below in this section since 31 December 2019.

Greatest among these is the COVID-19 pandemic which has affected the financial and trading prospects of the businesses in the Company's principal investments in different ways and introduced new uncertainty going forward in all the markets these businesses operate.

With significant cash proceeds raised from the sale of certain assets in 2019, the Company continues to hold strong cash resources which are sufficient to meet all financial demands falling due in the current fiscal year.

PLDT saw 9% revenue growth in the first quarter of 2020, suggesting that the full year will deliver record high revenues largely on the strength of strong growth in mobile data consumption. Full-year earnings are difficult to forecast owing to uncertainty stemming from the COVID-19 outbreak but PLDT forecasts second quarter 2020 revenues to be up year on year but lower quarter on quarter by low to mid-single digits.

MPIC saw lower contribution from its portfolio of businesses in the first quarter of 2020 owing to the arrival of the COVID-19 pandemic towards the end of the period. Looking ahead, MPIC regards itself as well funded due to the Pesos 30.1 billion (equivalent to approximately US$580.1 million or HK$4.5 billion) sell-down of its interest in its Hospitals Business at the end of 2019 and expects to maintain its 2020 dividend per share unchanged from the 2019 level.

Philex Mining Corporation recorded higher earnings in the first quarter of 2020 largely as a result of higher gold prices. Management at the company currently expect full-year 2020 earnings to be higher than budgeted on expectations of continuing strong gold prices.

Indofood's vertically integrated business model enables it to capture growth opportunities in both domestic and export markets. Indofood expects this to continue in 2020 with its leading brands, and strong brand equity, led by its instant noodles business, Indofood's consumer products continue to be in strong demand. Indonesia's favorable demographics will continue to provide future growth opportunities for Indofood.

The addition of Pinehill Group to the Indofood group of companies would provide a further significant boost to net sales revenues at ICBP as well as its contribution to Indofood. Pinehill Group's revenues from instant noodles and related products reached US$534 million (equivalent to approximately HK$4,165.2 million) in 2019, while the total revenues from Dufil Prima Foods Plc and its consolidated subsidiaries reached US$578 million (equivalent to approximately HK$4,508.4 million). In comparison, ICBP's revenues in 2019 totalled approximately US$3.0 billion (equivalent to approximately HK$23.4 billion). For the first four months of 2020, the sales value and net income after tax of Pinehill Arabia Food Limited increased significantly. Due to the higher contribution of sales increase from domestic market, the gross margin of Pinehill Arabia Food Limited for the four months ended April 2020 was higher than the same period in 2019. As a whole, the Pinehill Group performed well in the first four months of 2020. The Group's management expects Pinehill to continue its strong performance in the remainder of 2020 and in 2021. Earnings growth at the Pinehill Group would provide a further boost to Indofood's net sales revenues, core profit and contribution to the Group.

1. LIQUIDITY AND FINANCIAL RESOURCES

Pinehill Group has been funding its business expansion from operating cash flow surplus and supported by shareholders loan as needed. No bank loan has been drawn to finance the business and capacity expansion.

The Pinehill Group recorded cash and cash equivalents of US$67.5 million (approximately HK$526.5 million) in 2019 versus US$58.4 million (approximately HK$455.5 million) in 2018 and US$32.6 million (approximately HK$254.3 million) in 2017 respectively. Current ratio as at 31 December 2019 was 2.49 times, slightly lower than around 2.54 times as at 31 December 2018, while the current ratio as at 31 December 2017 was 2.55.

2. CAPITAL STRUCTURE IN TERMS OF MATURITY PROFILE OF DEBT AND OBLIGATION, TYPE OF CAPITAL INSTRUMENTS USED, CURRENCY AND INTEREST RATE STRUCTURE

The Pinehill Group considers capital to include share capital, merger and other reserve, foreign currency translation reserve and retained earnings. The primary objective of the Pinehill Group's capital management is to maximize shareholders' value. The Pinehill Group manages its capital structure and makes adjustments considering changes in economic conditions. To maintain or adjust the capital structure, the Pinehill Group may adjust the dividend payment to shareholders. No changes were made to the objectives, policies or processes for managing capital during the years ended 31 December 2019, 31 December 2018 and 31 December 2017. The Pinehill Group does not have any external borrowings as at 31 December 2019 and is not subject to any externally imposed capital requirements.

3. STATE OF THE ORDER BOOK AND PROSPECTS FOR NEW BUSINESS INCLUDING NEW PRODUCTS AND SERVICES INTRODUCED OR ANNOUNCED

From the monitoring of the actual results for the first four months of 2020 ended 30 April, the Pinehill management is confident that the sales orders for the remaining months of this year will be on track to meet the 2020 full year target.

The Pinehill Group still focuses on the existing market and products, therefore there are no new products or services planned.

4. SIGNIFICANT INVESTMENTS HELD, THEIR PERFORMANCE DURING THE FINANCIAL YEAR AND THEIR PROSPECTS

The Pinehill Group has investment in Dufil Prima Foods Plc ("**DUFIL**") which is recorded as investment in an associate on its consolidated statement of financial position. Below are the summarized financial data of DUFIL:

	2017	**2018**	**2019**
	US$	*US$*	*US$*
Current assets	210,687,013	244,977,124	280,347,596
Non-current assets	99,817,181	129,701,212	145,930,265
Total assets	310,504,194	374,678,336	426,277,861
Total liabilities	(240,348,226)	(288,059,592)	(327,237,134)
Net assets	70,155,968	86,618,744	99,040,727
Revenue	477,088,345	572,703,002	578,091,873
Profit after taxation	62,418,728	36,988,364	24,933,758
Other comprehensive (loss)/income	(575)	109,722	(1,631,342)
Total comprehensive income	62,418,153	37,098,086	23,302,416

Due to the low consumption per capita of instant noodles in the countries (namely Nigeria and Ghana) where DUFIL operates, the potential growth in the future is still high.

5. BREAKDOWN OF SIGNIFICANT INVESTMENTS

The Pinehill Group only has investment in DUFIL which is recorded as investment in an associate in its consolidated statement of financial position.

6. DETAILS OF MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES IN THE COURSE OF THE FINANCIAL YEAR

Pinehill underwent a restructuring to rationalize the company structure in December 2019 which principally involved the following steps:

- Pinehill subscribed the entire new shares of Platinum Stream Profits Limited ("**Platinum**") and acquired the entire shares of Platinum which were owned by the existing shareholders, therefore upon the completion of such internal restructuring, Pinehill owned 100% of the total issued shares of Platinum.

- Pinehill also became a shareholder of Salim Wazara Group Limited ("**SWGL**") by way of subscription of the 53.53% new shares issued by SWGL and acquired 3.47% of the existing shares of SWGL which was owned by Smart Head, a company controlled by Mr. Salim. Therefore, upon the completion of such transactions, Pinehill and Wazaran Group Limited ("**WGL**"), the local partner of existing shareholders, owns 59.0% and 41.0% of the total issued shares of SWGL, respectively.

- Furthermore, Pinehill together with the WGL established Salim Wazaran Gida Sanayi ve Yatirim Anonim Sirketi ("**SWGS**"), the 51%: 49% joint venture companies under the laws of Republic of Turkey, as their sub holding company to acquire and hold the 80.0% of total issued shares of Adkoturk Gida Sanayi ve Ticaret Limited Sirketi ("**AGS**"). Upon completion of such transaction, the SWGS owns 80.0% of AGS's shares.

7. COMMENTS ON SEGMENTAL INFORMATION

The Pinehill Group's consolidated net sales increased by 36.4% from US$391.3 million (approximately HK$3,052.1 million) in 2018 to US$533.5 million (approximately HK$4,161.3 million) in 2019, with Saudi Arabia contributing most of the increase. Operating profit increased by 70.8% from US$85.3 million (approximately HK$665.3 million) in 2018 to US$145.6 million (approximately HK$1,135.7 million) in 2019 mainly due to lower rate of increase in operating expenses as compared to the rate of sales growth which increased the Pinehill Group's operating profit margin further.

- Saudi Arabia's net sales increased by 28.3% from US$248.5 million (approximately HK$1,938.3 million) in 2018 to US$318.8 million (approximately HK$2,486.6 million) in 2019, driven by volume growth in both domestic Saudi and surrounding markets with growth of 21.2% and 33.5% in the respective markets.

- Egypt's net sales increased by 55.8% from US$87.2 million (approximately HK$680.2 million) in 2018 to US$135.9 million (approximately HK$1,060.0 million) in 2019, driven by higher volume and average selling price. Sales of regular packs were the largest contributor to Egypt's top line in 2019.

- Turkey's net sales increased by 35.6% from US$33.0 million (approximately HK$257.4 million) in 2018 to US$44.7 million (approximately HK$348.7 million) in 2019 contributed by sales volume and average selling price increase. Net sales contribution of noodles product and energy drinks product in 2019 was 78.5% and 21.5% respectively. Noodles and energy drinks posted strong performance in 2019 with revenue growth of 77.1% for noodles and 16.7% for energy drinks.

- Serbia's net sales increased by 55.2% from US$9.5 million (approximately HK$74.1 million) in 2018 to US$14.7 million (HK$114.7 million) in 2019, driven by a sales volume increase of 60.8%.

- Morocco's net sales increased by 55.3% from US$7.9 million (approximately HK$61.6 million) in 2018 to US$12.4 million (approximately HK$96.7 million) in 2019, driven by volume growth in both domestic and export market. Domestic sales accounted for 65.7% of total sales while the remaining 34.3% contributed by export operations. Both domestic and export sales grew by 59.8% and 70.3%, respectively.

- Kenya's net sales increased by 17.5% from US$9.0 million (approximately HK$70.2 million) in 2018 to US$10.6 million (approximately HK$82.7 million) in 2019, driven by sales volume increase. The total sales volume consists of domestic and export markets which contributed about 87.0% and 13.0%, respectively.

8. DETAILS OF THE NUMBER AND REMUNERATION OF EMPLOYEES, REMUNERATION POLICIES, BONUS AND SHARE OPTION SCHEMES AND TRAINING SCHEMES

The Pinehill Group implements a job grading system, with the salary range per job grade level, reviewed/benchmarked every three years compared to the job market in the respective operating countries by job positions. For supervisor level and above, performance bonuses are also awarded every year, typically three to five months after the end of the preceding year which is the basis for the performance bonuses. All employees also receive a 13th month salary.

The other employee benefits such as housing allowance, medical insurance, and end of service benefits follow the respective country's labor laws and regulations.

The total amount of remuneration paid by the Pinehill Group to key management personnel during the year were as follows:

	2017	2018	2019
	US$ million	*US$ million*	*US$ million*
Short-term employee benefits	2.2	2.4	2.9
Retirement benefit plans	0.7	1.0	0.9
	2.9	3.4	3.8

9. DETAILS OF CHARGES ON ASSETS

The Pinehill Group has no asset pledged.

10. DETAILS OF FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS AND THEIR EXPECTED SOURCES OF FUNDING IN THE COMING YEAR

From 2020 to 2021, the Pinehill Group (including DUFIL) plans to invest a total of US$76.4 million (approximately HK$595.9 million) in capital assets, which consist of 39.6% for DUFIL, 37.8% for Pinehill Arabia Food Ltd. ("**PAFL**"), and 22.6% for the rest of operating units. These investments will be funded mostly from internal cash generated from operations, as well as from bank loans (for DUFIL).

11. GEARING RATIO

The Pinehill Group does not have any external borrowings as at 31 December 2019.

12. EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND ANY RELATED HEDGES

PAFL's and SWGL's foreign currency exposures arise primarily from US$-denominated purchase of imported raw materials, and US$-denominated shareholder loan. For PAFL, foreign currency exposure is almost non-existent because the Saudi Riyal has been pegged to US$ since 2003. Furthermore, there are also US$ and Euro revenues derived from export sales to Pinehill's surrounding countries, which would cover their foreign currency exposure.

As for the associated company, DUFIL's foreign currency exposure arises primarily from US$-denominated borrowings and import of raw materials. For US$-denominated borrowings, DUFIL enters into Non-deliverable Forward ("**NDF**") contract. Under this contract, the difference between the NDF rate and the spot rate for US$ is settled. For raw material purchases, the forex is sourced through The Central Bank of Nigeria.

13. DETAILS OF CONTINGENT LIABILITIES

No material contingent liabilities noted in the financial years ended 31 December 2017, 2018 and 2019.

14. DEVELOPMENTS AND TRENDS

For the first four months of 2020, PAFL sales value and net income after tax increased significantly. Due to the higher contribution of sales increase from domestic market, PAFL's gross margin for the four months ended April 2020 was higher than the same period in 2019.

PAFL volume achievement for the first four months is in line with the 2020 target. Domestically, PAFL sales volume increased for almost half, partly due to COVID-19 panic buying. The impact of Covid-19 lockdown is positive for PAFL because it increases the consumption per capita and induces consumption of PAFL's instant noodles to consumers who have previously never tried them.

In Saudi Arabia, PAFL is expected to seize the momentum of increased consumption during Covid-19 lockdown by intensifying its drive to penetrate regions and cities where per capita consumption is still low. The management of PAFL believes that PAFL will be able to sustain its business growth in the foreseeable future by focusing its sales drive on half of Saudi Arabia population (about 17 million people) where the consumption per capita is still one-third lower than the consumption per capita of main cities like Jeddah, while at the same time using new products/flavors introduction to continue to raise sales in the already relatively high-consumption per capita areas like Jeddah.

Out of all its export destinations, Iraq and GCC countries (UAE, Kuwait, Oman, and Bahrain) are the most important. In 2019 sales volume to Iraq was the highest among all export destinations, while sales to GCC countries generated the highest gross profit margin. In the first four months of 2020, because of Covid-19 induced panic buying, PAFL could not fulfill the demand in many of its export destinations. PAFL has given preference to GCC countries because of the higher profit margin generated. Sales volume to GCC countries grew more than half compared to 2019. With additional capacities expected to come online in July, PAFL expects to be able to meet all the demands from its export markets. With a combined population of 165 million people, and currently still very low average consumption per capita of less than seven, export sales will continue to provide strong growth to PAFL in the many years to come.

PAFL's gross margin has been increasing since 2017 as a result of the decline in the cost of major raw materials and continuous improvement in manufacturing efficiency. Assuming PAFL achieves its 2020 and 2021 sales volume target (2,176 and 2,577 million packs, respectively) and based on the current raw material prices trend and PAFL's automation plan (schedule to be implemented in the fourth quarter of 2020), margin increases in 2020 and 2021 as a result of reduction in cost of goods sold are likely to be achieved.

The performance of Pinehill's other operating units in the first four months of 2020 are mostly in-line with their operating targets, even though compared with 2019, their performances vary quite widely. In Turkey, Serbia, Morocco, and Kenya, the high growth rates in 2019 continued, with Turkey and Serbia sales volumes increased by more than 60%, while Kenya and Morocco increased by more than 30%. Pinehill is adding additional capacities in all these four countries in 2020 and 2021 in anticipation of continued high growth rates. On the other hand, Pinehill's operating units in Egypt, Nigeria and Ghana experienced sales drop due to Covid-19 movement restrictions and their resulting economic hardships. However, management expects business will start growing again in the second semester of 2020.

As a whole, Pinehill has performed well in the first four months of 2020. Pinehill's management expects Pinehill to continue its strong performance in the remainder of 2020 and in 2021.

The following is the text of a report prepared for the sole purpose of inclusion in this circular, received from the independent reporting accountant, Moore Stephens CPA Limited, Certified Public Accountants, Hong Kong:

MOORE

Moore Stephens CPA Limited

801-806 Silvercord, Tower 1,
30 Canton Road, Tsimshatsui,
Kowloon, Hong Kong

T +852 2375 3180
F +852 2375 3828

www.moore.hk

大華馬施雲
會計師事務所有限公司

ACCOUNTANT'S REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF FIRST PACIFIC COMPANY LIMITED

Introduction

We report on the historical financial information of Pinehill Company Limited (the "**Target Company**") and its subsidiaries (together, the "**Target Group**") set out on pages III-4 to III-81, which comprises the consolidated statements of financial position of the Target Group as at 31 December 2017, 2018 and 2019, and the consolidated statements of comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows of the Target Group for each of the years ended 31 December 2017, 2018 and 2019 (the "**Track Record Period**") and a summary of significant accounting policies and other explanatory information (together, the "**Historical Financial Information**"). The Historical Financial Information set out on pages III-4 to III-81 forms an integral part of this report, which has been prepared for inclusion in the circular of First Pacific Company Limited (the "**Company**") dated 23 June 2020 (the "**Circular**") in connection with the proposed acquisition of the entire issued share capital of the Target Company, by a subsidiary of the Company, PT Indofood CBP Sukses Makmur Tbk ("**ICBP**"). a company incorporated in Indonesia with its shares listed on the Indonesia Stock Exchange ("**IDX**").

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

The consolidated financial statements of the Target Group for the Track Record Period (the "**Underlying Financial Statements**"), on which the Historical Financial Information is based, were prepared by the directors of the Target Company. The directors of the Target Company are responsible for the preparation of the Target Group's historical consolidated financial statements that gives a true and fair view in accordance with International Financial Reporting Standards ("**IFRSs**") issued by the International Accounting Standards Board ("**IASB**"), and for such internal control as the directors of the Target Company determine is necessary to enable the preparation of the Target Group's consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Reporting accountant's responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 *Accountants' Reports on Historical Financial Information in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountant's judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountant considers internal control relevant to the entity's preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors of the Target Company, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountant's report, a true and fair view of the consolidated financial positions of the Target Group as at 31 December 2017, 2018 and 2019 and of the consolidated financial performance and consolidated cash flows of the Target Group for the Track Record Period in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements have been made.

Dividends

We refer to Note 34 to the Historical Financial Information which contains information about the dividends declared and paid by group entities comprising the Target Group and the Target Company in respect of the Track Record Period.

Moore Stephens CPA Limited
Certified Public Accountants

Li Wing Yin
Practising Certificate Number: P05035

Hong Kong, 23 June 2020

HISTORICAL FINANCIAL INFORMATION OF THE TARGET GROUP

Set out below is the Historical Financial Information which forms an integral part of this accountant's report.

The Underlying Financial Statements, on which the Historical Financial Information is based, were audited by Moore Stephens CPA Limited in accordance with Hong Kong Standards on Auditing issued by the HKICPA.

The Historical Financial Information is presented in United States dollar ("**US$**") and all values are rounded to the nearest thousand (US$'000) except where otherwise indicated.

Consolidated Statements of Comprehensive Income

		2017	2018	2019
	Notes	*US$'000*	*US$'000*	*US$'000*
Revenue	*7*	334,529	391,283	533,533
Cost of sales		(203,562)	(243,277)	(305,381)
Gross profit		130,967	148,006	228,152
Other income, gains and losses, net	*8*	(650)	(5,198)	1,790
Selling and distribution expenses		(54,964)	(44,665)	(60,112)
Administrative and other expenses		(16,733)	(18,058)	(22,403)
Finance costs	*9*	(9,626)	(11,048)	(34,596)
Share of result of an associate		30,581	18,122	12,216
Profit before income tax	*10*	79,575	87,159	125,047
Income tax expense	*11*	(10,323)	(14,675)	(23,093)
Profit for the year		69,252	72,484	101,954
Profit for the year attributable to:				
Owners of the Target Company		46,520	41,824	43,199
Non-controlling interests		22,732	30,660	58,755
		69,252	72,484	101,954

	Notes	2017 *US$'000*	2018 *US$'000*	2019 *US$'000*
Profit for the year		69,252	72,484	101,954
Other comprehensive (loss)/income				
Items that may be reclassified subsequently to profit or loss:				
Exchange differences arising on translation of foreign operations		(696)	821	216
Exchange differences arising on translation of interests in an associate	*14*	(4,093)	(170)	(19)
Share of other comprehensive income/(loss) of an associate	*14*	–	54	(799)
Item that will not be reclassified to profit or loss:				
Actuarial (loss)/gain on defined benefit pension plans	*24*	(86)	289	19
Other comprehensive (loss)/income for the year		(4,875)	994	(583)
Total comprehensive income for the year		64,377	73,478	101,371
Total comprehensive income for the year attributable to:				
Owners of the Target Company		42,028	42,217	40,520
Non-controlling interests		22,349	31,261	60,851
		64,377	73,478	101,371

Consolidated Statements of Financial Position

		As at 31 December		
		2017	**2018**	**2019**
	Notes	*US$'000*	*US$'000*	*US$'000*
ASSETS AND LIABILITIES				
Non-current assets				
Property, plant and equipment	*12*	52,017	52,011	58,362
Right-of-use assets	*13*	–	–	1,198
Interests in an associate	*14*	34,372	42,438	48,524
Deferred tax assets	*24*	564	914	1,027
Other receivables and prepayments	*16*	1,724	1,441	3,236
		88,677	96,804	112,347
Current assets				
Inventories	*15*	33,850	32,800	47,860
Trade and other receivables and prepayments	*16*	89,979	82,962	108,451
Amounts due from related parties	*17*	121,775	123,590	20,044
Cash and cash equivalents	*18*	32,555	58,356	67,485
		278,159	297,708	243,840
Current liabilities				
Trade and other payables and accruals	*20*	54,447	59,844	67,021
Amounts due to related parties	*17*	11,545	12,352	4,288
Loans from shareholders	*21*	19,757	20,269	9,671
Interest-bearing bank borrowings	*22*	17,000	17,000	–
Lease liabilities	*23*	–	–	90
Tax payable		6,390	7,923	16,932
		109,139	117,388	98,002
Net current assets		169,020	180,320	145,838
Total assets less current liabilities		257,697	277,124	258,185

		As at 31 December		
		2017	**2018**	**2019**
	Notes	*US$'000*	*US$'000*	*US$'000*
Non-current liabilities				
Employee benefits	*24*	8,973	9,349	9,636
Other payables	*20*	273	118	399
Interest-bearing bank borrowings	*22*	153,000	136,000	–
Deferred tax liabilities	*25*	468	483	773
Lease liabilities	*23*	–	–	1,040
		162,714	145,950	11,848
Net assets		94,983	131,174	246,337
CAPITAL AND RESERVES				
Share capital	*26*	-*	-*	138,878
Reserves	*27*	54,032	85,142	35,431
Equity attributable to owners of the Target Company		54,032	85,142	174,309
Non-controlling interests		40,951	46,032	72,028
Total equity		94,983	131,174	246,337

* Amount less than US$1,000

Consolidated Statements of Changes in Equity

	Equity attributable to owners of the Target Company						
	Share capital	Merger and other reserve	Foreign currency translation reserve	Retained earnings	Total	Non-controlling interests	Total equity
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
	(Note 26)	*(Note 27)*	*(Note 27)*				
As at 1 January 2017	-*	22,154	(298)	10,221	32,077	37,735	69,812
Profit for the year	–	–	–	46,520	46,520	22,732	69,252
Other comprehensive loss							
Share of other comprehensive income of an associate	–	–	–	-*	-*	–	-*
Employee benefits	–	–	–	(47)	(47)	(39)	(86)
Exchange differences on translation of foreign operations	–	–	(352)	–	(352)	(344)	(696)
Exchange differences on translation of interests in an associate	–	–	(4,093)	–	(4,093)	–	(4,093)
Total other comprehensive loss	–	–	(4,445)	(47)	(4,492)	(383)	(4,875)
Total comprehensive (loss)/ income for the year	–	–	(4,445)	46,473	42,028	22,349	64,377
Issuance of new shares in a subsidiary	–	–	–	1,167	1,167	1,306	2,473
Dividends paid ***(Note 34)***	–	–	–	(21,240)	(21,240)	(20,439)	(41,679)
As at 31 December 2017	-*	22,154	(4,743)	36,621	54,032	40,951	94,983

* Amount less than US$1,000

	Equity attributable to owners of the Target Company						
	Share capital	Merger and other reserve	Foreign currency translation reserve	Retained earnings	Total	Non-controlling interests	Total equity
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
	(Note 26)	*(Note 27)*	*(Note 27)*				
As at 1 January 2018	-*	22,154	(4,743)	36,621	54,032	40,951	94,983
Profit for the year	–	–	–	41,824	41,824	30,660	72,484
Other comprehensive income/ (loss)							
Share of other comprehensive income of an associate	–	–	–	54	54	–	54
Employee benefits	–	–	–	157	157	132	289
Exchange differences on translation of foreign operations	–	–	352	–	352	469	821
Exchange differences on translation of interests in an associate	–	–	(170)	–	(170)	–	(170)
Total other comprehensive income	–	–	182	211	393	601	994
Total comprehensive income for the year	–	–	182	42,035	42,217	31,261	73,478
Repurchase of shares in a subsidiary	–	–	–	(1,167)	(1,167)	(1,306)	(2,473)
Issuance of new shares in a subsidiary	–	–	–	–	–	995	995
Dividends paid *(Note 34)*	–	–	–	(9,940)	(9,940)	(25,869)	(35,809)
As at 31 December 2018	-*	22,154	(4,561)	67,549	85,142	46,032	131,174

* Amount less than US$1,000

	Share capital US$'000 (Note 26)	Merger and other reserve US$'000 (Note 27)	Foreign currency translation reserve US$'000 (Note 27)	Retained earnings US$'000	Total US$'000	Non-controlling interests US$'000	Total equity US$'000
As at 1 January 2019	-*	22,154	(4,561)	67,549	85,142	46,032	131,174
Profit for the year	–	–	–	43,199	43,199	58,755	101,954
Other comprehensive (loss)/ income							
Share of other comprehensive loss of an associate	–	–	–	(799)	(799)	–	(799)
Employee benefits	–	–	–	46	46	(27)	19
Exchange differences on translation of foreign operations	–	–	(1,907)	–	(1,907)	2,123	216
Exchange differences on translation of interests in an associate	–	–	(19)	–	(19)	–	(19)
Total other comprehensive (loss)/ income	–	–	(1,926)	(753)	(2,679)	2,096	(583)
Total comprehensive (loss)/ income for the year	–	–	(1,926)	42,446	40,520	60,851	101,371
Arising from group restructuring *(Note 2.1)*	–	(69,020)	6,020	(24,031)	(87,031)	–	(87,031)
Issuance of new shares *(Note 26)*	138,878	–	–	–	138,878	–	138,878
Capital contribution from non-controlling interests	–	–	–	–	–	8	8
Dividends paid *(Note 34)*	–	–	–	(3,200)	(3,200)	(34,863)	(38,063)
As at 31 December 2019	138,878	(46,866)	(467)	82,764	174,309	72,028	246,337

* Amount less than US$1,000

Consolidated Statements of Cash Flows

		Year ended 31 December		
		2017	**2018**	**2019**
	Notes	*US$'000*	*US$'000*	*US$'000*
Cash flows from operating activities				
Profit before income tax		79,575	87,159	125,047
Adjustments for:-				
Bank interest income	*8*	(110)	(211)	(367)
Write off of property, plant and equipment	*8*	1,004	41	1,054
Write off of inventories	*8*	185	209	69
(Gain)/loss on disposal of property, plant and equipment	*8*	(1)	(10)	4
Interest expenses on bank borrowings	*9*	9,596	10,929	34,487
Interest expenses on lease liabilities	*9*	–	–	52
Depreciation of property, plant and equipment	*10*	5,159	5,040	5,364
Depreciation of right-of-use assets	*10*	–	–	126
Impairment loss/allowance of expected credit losses on trade receivables	*10*	484	555	68
Share of result of an associate		(30,581)	(18,122)	(12,216)
Operating profit before working capital changes		65,311	85,590	153,688
(Increase)/decrease in inventories		(2,192)	841	(15,128)
Decrease/(increase) in trade and other receivables and prepayments		5,305	5,900	(26,437)
(Decrease)/increase in trade and other payables and accruals		(13,975)	6,145	7,562
Cash generated from operations		54,449	98,476	119,685
Interest paid (including interest on lease liabilities)		(9,626)	(11,048)	(34,596)
Interest received		110	211	367
Taxes paid		(8,448)	(12,660)	(15,967)
Net cash generated from operating activities		36,485	74,979	69,489

		Year ended 31 December		
		2017	2018	2019
	Notes	*US$'000*	*US$'000*	*US$'000*
Cash flows from investing activities				
Dividend received from an associate	*14*	21,240	9,940	5,312
Acquisition of property, plant and equipment		(8,959)	(6,184)	(12,030)
Arising from group restructuring	*2.1*	-	-	(87,031)
Net cash generated from/(used in) investing activities		12,281	3,756	(93,749)
Cash flows from financing activities				
Repayment of interest-bearing bank borrowings		–	(17,000)	(403,000)
Proceeds from new interest-bearing bank borrowings		100,000	–	250,000
Issuance of new shares	*26*	–	–	138,878
Capital contribution from non-controlling interests		495	501	8
Dividends paid	*34*	(21,240)	(9,940)	(3,200)
Dividends paid to non-controlling interests		(20,439)	(25,869)	(34,863)
Repayment of loans from shareholders of the Target Company		–	–	(10,598)
Proceeds of loans from shareholders of the Target Company		3,605	512	–
(Repayment to)/advance from related parties		(103,646)	(1,008)	95,662
Repayment of lease liabilities — principal		–	–	(89)
Net cash (used in)/generated from financing activities		(41,225)	(52,804)	32,798

		Year ended 31 December		
		2017	2018	2019
	Notes	*US$'000*	*US$'000*	*US$'000*
Net increase in cash and cash equivalents		7,541	25,931	8,538
Cash and cash equivalents at the beginning of year		24,945	32,555	58,356
Effect of foreign exchange rate changes, net		69	(130)	591
Cash and cash equivalents at the end of year		32,555	58,356	67,485
Analysis of cash and cash equivalents				
Bank balances and cash	*18*	32,555	58,356	67,485

Major non-cash transactions:

During the year ended 31 December 2017, shares issued in a subsidiary of approximately US$1,978,000 were netted off with current accounts of related parties and non-controlling interests. During the year ended 31 December 2018, net repurchase of shares and shares issued in subsidiaries of approximately US$1,979,000 were netted off with current accounts of related parties and non-controlling interests.

NOTES TO HISTORICAL FINANCIAL INFORMATION

1. CORPORATE INFORMATION

First Pacific Company Limited (the "Company" or "First Pacific") is a company incorporated in Bermuda and the shares of which are listed on the Main Board of The Stock Exchange of Hong Kong Limited. Pursuant to the announcement dated 22 May 2020 (the "Announcement") issued by First Pacific, PT Indofood CBP Sukses Makmur Tbk ("ICBP" or the "Purchaser"), a company incorporated in Indonesia and listed on the Indonesia Stock Exchange ("IDX") and is owned 80.5% interest by PT Indofood Sukses Makmur Tbk ("Indofood"), a company incorporated in Indonesia, which is a 50.1% owned subsidiary of the Company and has its shares listed on the IDX. ICBP proposed to acquire and Pinehill Corpora Limited ("Pinehill Corpora"), a limited liability company established under the laws of the British Virgin Islands (the "BVI"), Steele Lake Limited ("Steele Lake"), a limited liability company established under the laws of the BVI (collectively, the "Sellers") proposed to sell the entire issued share capital of Pinehill Company Limited (the "Target Company"), which operates through its subsidiaries (together, the "Target Group") the businesses of manufacture, marketing and supply of instant noodles and related products under the brand name of "Indomie" in Africa, the Middle East and South Eastern Europe.

The Target Company was incorporated and domiciled in the BVI on 24 April 1991 with its registered office at Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands. The principal activity of the Target Company is investment holding.

The immediate holding company of the Target Company is Pinehill Corpora. The ultimate controlling party of the Target Company is Anthoni Salim who indirectly owns 49.0% shares in Pinehill Corpora (the "Ultimate Shareholder"). The Ultimate Shareholder has a mutual business arrangement with his relative who indirectly owns approximately 8.3% shares in Pinehill Corpora, in relation to maintain a representation of more than 50.0% in voting of Pinehill Corpora or other companies comprising the Target Group in the management and controlling of the Target Group during the Track Record Period and up to the date of this report, and therefore Anthoni Salim is considered to be the Ultimate Shareholder. The remaining 42.7% of Pinehill Corpora is held by two independent third parties (collectively, the "ITPs"), with the shareholdings of 24.0% and 18.7% respectively.

The details of the Target Company's principal subsidiaries which, in the opinion of the directors of the Target Company, materially affect the results or net assets of the Target Group, are disclosed as follows:

Name	Place of incorporation/ registration and operation/date of incorporation	Issued ordinary shares/registered share capital	Percentage of ownership interest attributable to the Target Group as at 31 December 2017, 2018, 2019 and date of this Historical Financial Information	Principal activities
<u>Directly held:</u>				
Platinum Stream Profits Limited ("Platinum") *(Note (a))*	The BVI/5 July 2001	US$420	100.0%	Investment holding
Pinehill Arabia Food Company Limited ("PAFL") *(Note (b))*	Kingdom of Saudi Arabia/30 August 1994	Saudi Arabian Riyal ("SAR") 15,000,000	59.0%	Manufacture and supply instant noodles products
Salim Wazaran Group Limited ("SWGL") *(Note (a))*	The BVI/5 August 2005	US$1,700	59.0%	Investment holding

Name	Place of incorporation/ registration and operation/date of incorporation	Issued ordinary shares/registered share capital	Percentage of ownership interest attributable to the Target Group as at 31 December 2017, 2018, 2019 and date of this Historical Financial Information	Principal activities
Salim Wazaran Gida Sanayi ve Yatirim Anonim Sirketi ("SWGS") *(Note (e))*	Turkey/20 December 2019	TRL ("Turkish Lira") 100,000	59.0%	Investment holding
Indirectly held through SWGL:				
Transworld For Trade and Export L.L.C. ("Transworld") *(Note (c))*	Egypt/5 March 1998	Egyptian Pound ("EPG") 50,000	85.0%	General supplies, trading, marketing, distributing of all products and export
Salem Wazran Abu El-Atta Company L.L.C. ("SAWATA") *(Note (d))*	Egypt/30 November 2006	EPG1,000,000	85.0%	Build and operate a factory for the production of noodles
Salim Wazaran Kenya Company Limited *(Note (f))*	Republic of Kenya/ 23 March 2007	Kenya Shillings ("SHS") 440,000,000	99.99%	Manufacture and distribute the indomie instant noodles products
Indirectly held through SWGS:				
Adkoturk Gida Sanayi ve Ticaret Limited Sirketi ("AGS") *(Note (g))*	Turkey/ 14 January 2010	TRL35,500,000	80.0%	Production and sales of noodles and energy drinks

Notes:

(a) The financial statements of Platinum and SWGL for the years ended 31 December 2017, 2018 and 2019 were audited by Pinebridge LLP, a firm of public accountants and chartered accountants registered in Singapore. These financial statements were prepared in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB").

(b) The statutory financial statements of PAFL for the years ended 31 December 2017, 2018 and 2019 were audited by Ernst & Young & Co., a firm of public accountants registered in the Kingdom of Saudi Arabia. These statutory financial statements were prepared in accordance with IFRSs issued by the IASB.

(c) The statutory financial statements of Transword for the years ended 31 December 2017, 2018 and 2019 were audited by PricewaterhouseCoopers Esseldeen, Diab & Co., a firm of public accountants registered in Egypt. These statutory financial statements were prepared in accordance with IFRSs issued by the IASB.

(d) The statutory financial statements of SAWATA for the years ended 31 December 2017 and 2018 were audited by PricewaterhouseCoopers Esseldeen, Diab & Co., a firm of public accountants registered in Egypt, while the statutory financial statements of SAWATA for the year ended 31 December 2019 were audited by RSM Egypt, a firm of chartered accountants registered in Egypt. These statutory financial statements were prepared in accordance with IFRSs issued by the IASB.

(e) Statutory financial statements of SWGS have not yet been issued since its date of incorporation as it was newly incorporated during the year ended 31 December 2019.

(f) The statutory financial statements of Salim Wazaran Kenya Company Limited for the years ended 31 December 2017, 2018 and 2019 were audited by PKF Kenya LLP, a firm of certified public accountants registered in the Republic of Kenya. These statutory financial statements for the years ended 31 December 2017 and 2018 were prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities issued by the IASB. These statutory financial statements for the year ended 31 December 2019 were prepared in accordance with IFRSs issued by the IASB.

(g) The statutory financial statements of AGS for the years ended 31 December 2017, 2018 and 2019 were audited by DRT Bagimsiz Denetim ve Serbest Muhasebeci Mali Musavirlik A.S., a firm of certified public accountants registered in Turkey. These statutory financial statements were prepared in accordance with IFRSs issued by the IASB.

2. BASIS OF PREPARATION AND PRESENTATION

The Historical Financial Information has been prepared in accordance with all applicable IFRSs which collective term includes all applicable individual IFRS, International Accounting Standards ("IASs") and Interpretations issued by the IASB. The Historical Financial Information also complies with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and with the disclosure requirements of the Hong Kong Companies Ordinance. Further details of the significant accounting policies adopted are set out in Note 4.

The Historical Financial Information has been prepared on historical cost basis. The Historical Financial Information is presented in US$, which is also the functional currency of the Target Company. All values are rounded to the nearest thousand except when otherwise indicated.

Pursuant to the restructuring ("Restructuring") described in Note 2.1, the Target Company became the holding company of the companies now comprising the Target Group on 23 December 2019. The Restructuring is merely a reorganisation of the business of the Target Group with no change in management and the ultimate controlling party of the business remain substantially the same. The Target Group is regarded as a continuing entity resulting from the Restructuring, which is controlled by the same Ultimate Shareholder. Accordingly, the Historical Financial Information has been prepared using the principles of merger accounting as if the Restructuring had occurred as of the beginning of the earliest period presented and the current group structure had always been in existence.

The consolidated statements of comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows for the Track Record Period include the results, changes in equity and cash flows of companies within the Target Group as if the current group structure had been in existence throughout the Track Record Period, or since their date of establishment, incorporation or acquisition, where applicable. The consolidated statements of financial position of the Target Group as at 31 December 2017, 2018 and 2019 have been prepared to present the assets and liabilities of the companies now comprising the Target Group as if the current group structure had been in existence at those dates taking into account the respective date of establishment, incorporation or acquisition, where applicable.

All significant intra-group transactions, balances and unrealised gains on transactions have been eliminated on consolidation. Unrealised losses are also eliminated unless the transactions provide evidence of an impairment of the asset transferred.

Non-controlling interests represent the equity in the subsidiaries not attributable directly or indirectly to the owners of the Target Company and are presented in the consolidated statements of financial position within equity, separately from equity attributable to the owners of the Target Company. Non-controlling interests in the results of the Target Group are presented on the face of the consolidated statements of comprehensive income between non-controlling interests and the owners of the Target Company.

It should be noted that accounting estimates and assumptions have been used in the preparation of the Historical Financial Information. Although these estimates are based on management's best knowledge and judgement of current events and actions, actual results may ultimately differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Historical Financial Information are set out in Note 5 "Key sources of estimation uncertainty".

2.1 Restructuring

As detailed in Note 1, the Ultimate Shareholder has control on the Target Group as he has the power to make decisions regarding the relevant activities of the Target Group, such as but not limited to the daily operation, business strategies, control and disposal decisions before and after the Restructuring.

During the year ended 31 December 2019, the companies comprising the Target Group underwent a Restructuring to rationalise the Target Group's structure which principally involved the following steps:

(i) Prior to the Restructuring, SWGL was owned as to 59.0% of shareholding by the Ultimate Shareholder indirectly. In July 2019, SWGL allotted and issued 944 shares to the Target Company and 656 shares to Wazaran Group Limited ("WGL"), another existing shareholder. In December 2019, the then immediate holding company of SWGL sold all of its shares of SWGL to the Target Company. Thereafter, the Target Company owned 59.0% of SWGL.

(ii) Prior to the Restructuring, SWGL owned beneficially 80.0% of the total issued shares of AGS. In December 2019, SWGS was incorporated in Turkey as a 100.0% foreign-captialised entity and owned by the Target Company and WGL with shareholdings of 59.0% and 41.0%, respectively. In December 2019, SWGL transferred all of its 80% shareholding in AGS to SWGS.

(iii) Prior to the Restructuring, Platinum was owned as to 47.6%, 14.3%, 23.8% and 14.3% of shareholdings by the Ultimate Shareholder and his relative indirectly and the ITPs, respectively. In December 2019, Platinum allotted and issued 399 new shares to the Target Company. In December 2019, the then shareholders of Platinum transferred 100.0% of their shareholdings to the Target Company. Thereafter, Platinum became a wholly-owned subsidiary of the Target Company.

(iv) In December 2019, the Target Company issued 138,878,384 new shares to Pinehill Corpora of 70,827,976 shares and to Steele Lake of 68,050,408 shares. Thereafter, the Target Company was 51.0% and 49.0% owned by Pinehill Corpora and Steele Lake respectively.

After the completion of the Restructuring steps as described above, the Target Company became the holding company of the subsidiaries now comprising the Target Group. Prior and after the Restructuring, the companies now comprising the Target Group are controlled by the Ultimate Shareholder.

3. ADOPTION OF NEW AND REVISED IFRSS

3.1 New and revised IFRSs not yet adopted

The IASB has issued a number of new and revised IFRSs which were relevant to the Target Group and became effective during the Track Record Period. In preparing the Historical Financial Information, the Target Group has applied all these new and revised IFRSs which are effective for the Target Group's accounting period beginning on 1 January 2019 consistently throughout the Track Record Period to the extent required or allowed by transitional provisions in the IFRSs, except that the Target Group adopted (i) IFRS 9 *Financial Instruments* and IFRS 15 *Revenue from Contracts with Customers* on 1 January 2018 based on the specific transitional provision and applied IAS 39 *Financial Instruments: Recognition and Measurement* and IAS 18 *Revenue* prior to 1 January 2018; and (ii) IFRS 16 *Leases* on 1 January 2019 based on the specific transitional provision and applied IAS 17 *Leases* prior to 1 January 2019.

As at the date of this report, certain new and amended IFRSs have been issued but are not yet effective, and have not been applied early by the Target Group.

IFRS 10 and IAS 28 Amendments	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*
IAS 1 and IAS 8 Amendments	Definition of Material[1]
IFRS 3 Amendments	Definition of a Business[1]
IFRS 9, IAS 39 and IFRS 7 Amendments	Interest Rate Benchmark Reform[1]
Amendments to IFRS 16	COVID-19-Related Rent Concessions[3]
Conceptual Framework for Financial Reporting 2018	Revised Conceptual Framework for Financial Reporting[1]
IFRS 17	Insurance Contracts[2]

1 Effective for annual periods beginning on or after 1 January 2020

2 Effective for annual periods beginning on or after 1 January 2021

3 Effective for annual periods beginning on or after 1 June 2020

* On 17 December 2015, the IASB issued "Effective Date of Amendments to IFRS 10 and IAS 28". This update defers the effective date of the amendments in "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture" that the IASB issued in September 2014. Early application of these amendments continues to be permitted.

The Target Group has already commenced an assessment of the related impact of adopting the above new and amended IFRSs. So far, it has concluded that the above new and amended IFRSs will be adopted at the respective effective dates and the adoption of them is unlikely to have a significant impact on the Historical Financial Information.

3.2 Summary of the impact of changes in accounting policy

This note explains the impact of (i) the adoption of IFRS 9 *Financial Instruments* and IFRS 15 *Revenue from Contracts with Customers*, which have been applied from 1 January 2018; and (ii) the adoption of IFRS 16 *Leases*, which has been applied from 1 January 2019, where they are not applied or are different to those applied in prior periods. The Target Group has concluded not to restate the comparative figures based on the specific transitional provision in IFRS 9, IFRS 15 and IFRS 16.

(i) Adoption of IFRS 9 on 1 January 2018

IFRS 9 replaces IAS 39 *Financial Instruments: Recognition and Measurement* for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: (1) classification and measurement; (2) impairment and (3) hedge accounting. The adoption of IFRS 9 from 1 January 2018 has resulted in changes in accounting policies of the Target Group and the amounts recognised in the Historical Financial Information. IFRS 9 was adopted without restating comparative information. The new impairment rules under IFRS 9 were therefore not reflected in the consolidated statements of financial position as at 31 December 2017. Please see Note 4.13 for details of the old and new accounting policies for financial instruments.

Classification and measurement of financial assets and financial liabilities

IFRS 9 carries forward the recognition, classification and measurement requirements for financial liabilities from IAS 39, except for financial liabilities designated at fair value through profit or loss ("FVTPL"), where the amount of change in fair value attributable to change in credit risk of the liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, IFRS 9 retains the requirements in IAS 39 for derecognition of financial assets and financial liabilities. However, it eliminates the previous IAS 39 categories for financial assets of held to maturity financial assets, loans and receivables and available-for-sale financial assets. The adoption of IFRS 9 has no material impact on the Target Group's accounting policies related to financial liabilities and derivative financial instruments. The impact of IFRS 9 on the Target Group's classification and measurement of financial assets is set out below.

Under IFRS 9, except for certain trade receivables (that the trade receivables do not contain a significant financing component in accordance with IFRS 15), an entity shall, at initial recognition, measure a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs. A financial asset is classified as: (i) financial assets at amortised cost ("amortised costs"); (ii) financial assets at fair value through other comprehensive income ("FVOCI"); or (iii) FVTPL (as defined in above). The classification of financial assets under IFRS 9 is generally based on two criteria: (i) the business model under which the financial asset is managed and (ii) its contractual cash flow characteristics (the "solely payments of principal and interest" criterion, also known as "SPPI criterion"). Under IFRS 9, embedded derivatives are no longer required to be separated from a host financial asset. Instead, the hybrid financial instrument is assessed as a whole for the classification. A financial asset is measured at amortised cost if it meets both of the following conditions are met and it has not been designated as at FVTPL:

- It is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

- The contractual terms of the financial asset give rise on specified dates to cash flows that meet the SPPI criterion.

A debt investment is measured at FVOCI if it meets both of the following conditions and it has not been designated as at FVTPL:

- It is held within a business model whose objective is to achieved by both collecting contractual cash flows and selling financial assets; and

- The contractual terms of the financial asset give rise on specified dates to cash flows that meet the SPPI criterion.

On initial recognition of an equity investment that is not held for trading, the Target Group could irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis. All other financial assets not classified at amortised cost or FVOCI as described above are classified as FVTPL. This includes all derivative financial assets. On initial recognition, the Target Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or FVOCI at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

The following accounting policies would be applied to the Target Group's financial assets as follows:

FVTPL	FVTPL is subsequently measured at fair value. Changes in fair value, dividends and interest income are recognised in profit or loss.
Amortised cost	Financial assets at amortised cost are subsequently measured using the effective interest rate method. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain on derecognition is recognised in profit or loss.
FVOCI (debt instruments)	Debt investments at fair value through other comprehensive income are subsequently measured at fair value. Interest income calculated using the effective interest rate method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.
FVOCI (equity instruments)	Equity investments at fair value through other comprehensive income are measured at fair value. Dividend income is recognised in profit or loss unless the dividend income clearly represents a recovery of part of the cost of the investments. Other net gains and losses are recognised in other comprehensive income and are not reclassified to profit or loss.

The following table summarises the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Target Group's financial assets as at 1 January 2018:

Financial assets	**Original classification under IAS 39**	**New classification under IFRS 9**	**Carrying amount as at 1 January 2018 under IAS 39**	**Carrying amount as at 1 January 2018 under IFRS 9**
			US$'000	*US$'000*
Trade and other receivables	Loans and receivables	Amortised cost	83,898	83,898
Cash and cash equivalents	Loans and receivables	Amortised cost	32,555	32,555
Amounts due from related parties	Loans and receivables	Amortised cost	121,775	121,775

The carrying amounts for all financial assets and financial liabilities of the Target Group as at 1 January 2018 have not been impacted significantly by the initial application of IFRS 9.

The Target Group did not designate or de-designate any financial asset or financial liability at FVTPL as at 1 January 2018.

On 1 January 2018 (the date of initial application of IFRS 9), the management has assessed which business models apply to the financial assets held by the Target Group and has classified its financial instruments into the appropriate IFRS 9 categories. The Target Group had trade and other receivables, amounts due from related parties and cash and cash equivalents which were classified as loans and receivables measured at amortised cost under IAS 39. The change in accounting policy has no significant impact on its classification and measurement.

Impairment of financial assets

The adoption of IFRS 9 has changed the Target Group's impairment model by replacing the IAS 39 "incurred loss model" to the "expected credit losses ("ECLs") model". IFRS 9 requires the Target Group to recognise ECLs for trade receivables and financial assets at amortised costs earlier than IAS 39. Cash and cash equivalents are subject to ECLs model but the impairment is immaterial. The Target Group applies the new ECLs model to financial assets measured at amortised cost (including cash and cash equivalents, trade and other receivables and amounts due from related parties.)

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all expected cash shortfalls (i.e. the difference between the cash flows due to the Target Group in accordance with the contract and the cash flows that the Target Group expect to receive).

In measuring ECLs, the Target Group takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.

ECLs are measured on either of the following bases:

- 12-month ECLs: these are losses that are expected to result from possible default events within the 12 months after the reporting date; and

- lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECLs model applies.

For the Target Group's trade receivables, the Target Group has applied the simplified approach to recognise and measure lifetime ECLs. To measure the ECLs, trade receivables have been grouped based on shared credit risk characteristics. Future cash flows of each group receivables are estimated on the basis of historical credit loss experience, adjusted to reflect the effects of current conditions as well as forward looking information.

For all other financial instruments, the Target Group recognises a loss allowance equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Target Group is exposed to credit risk.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECLs amount is recognised in profit or loss with a corresponding adjustment to the carrying amount of the financial assets.

Impact of the ECLs model

The adoption of the ECLs model under IFRS 9 does not have material impact on the carrying amounts of the Target Group's financial assets as at 1 January 2018.

Hedging accounting

Hedge accounting under IFRS 9 has no impact on the Target Group as the Target Group does not apply hedge accounting in its hedging relationships.

Transition

The Target Group has applied the transitional provision in IFRS 9 such that IFRS 9 was generally adopted without restating comparative information. The reclassifications and the adjustments arising from the new ECLs rules are therefore not reflected in the consolidated statements of financial position as at 31 December 2017, but are recognised in the consolidated statements of financial position on 1 January 2018. This means that differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of IFRS 9 are recognised in retained earnings and reserves as at 1 January 2018. Accordingly, the information presented for 2017 does not reflect the requirements of IFRS 9 but rather those of IAS 39.

(ii) Adoption of IFRS 15 on 1 January 2018

IFRS 15 has replaced IAS 11 *Construction Contracts*, IAS 18 and other revenue-related interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. Please see Note 4.4 for details of the old and new accounting policies for revenue recognition.

The Target Group is in the business of manufacture, marketing and supply of instant noodles and related products in which the Target Group's contracts with customers generally include one performance obligation. The Target Group has concluded that revenue from sale of goods should be recognised at the point in time when control of the promised goods is transferred to the customer, generally on delivery of the goods. Therefore, the adoption of IFRS 15 does not have an impact on when the Target Group recognises revenue from sales of goods.

The adoption of IFRS 15 does not have impact on the Target Group's retained profits as at 1 January 2018.

Details of the new significant accounting policies and the nature of the changes to previous accounting policies in relation to the Target Group's instant noodles and related products are set out below:

Product	**Nature of the goods, satisfaction of performance obligations and payment terms**	**Nature of change in accounting policy and impact on 1 January 2018**
Instant noodles and related products	Customers obtain control of the instant noodles and related products when the goods are delivered and have been accepted. Revenue is thus recognised upon when the customers accepted the instant noodles and related products. There is generally only one performance obligation.	
	Right of return	**Right of return**
	Some of the Target Group's contracts with customers from the sales of instant noodles and related products provides customers with a right of return.	Under IAS 18, revenue for these contracts was recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. Under IFRS 15, right of return gives rise to variable consideration. The variable consideration is estimated at contract inception and constrained until the associated uncertainty is subsequently resolved. The application of the constraint on variable consideration increases the amount of revenue that will be deferred. In addition, a refund liability and a right to recover returned goods assets are recognised.
		Impact
		The adoption of IFRS 15 does not have significant impact on the Historical Financial Information as at 1 January 2018, 31 December 2018 and 2019 in relation to the right of return.

Product	Nature of the goods, satisfaction of performance obligations and payment terms	Nature of change in accounting policy and impact on 1 January 2018
	Volume rebate	**Volume rebate**
	Some of the Target Group's contracts with customers for the instant noodles and related products provide customers with a volume rebate if the customer purchase more than certain volume instant noodles and related products within a specific period.	Under IAS 18, the Target Group estimated the expected volume rebates using the probability-weighted amount of rebates approach and recognised as a reduction of revenue as the sales are recognised. A provision of rebate will be recognised in trade and other payables. Under IFRS 15, volume rebates give rise to variable consideration.
		The Target Group applies the most likely amount method as the selected method better predicts the amount of variable consideration driven by customers' rebate entitlement based on volume thresholds and purchase made by them during the period. The Target Group then applies the requirements on constraining estimates of variable consideration and recognises a refund liability for the expected rebates.
		Impact
		The adoption of IFRS 15 does not have significant impact on the Historical Financial Information as at 1 January 2018, 31 December 2018 and 2019 in relation to the volume rebates.

(iii) Adoption of IFRS 16 on 1 January 2019

The Target Group has adopted IFRS 16 retrospectively from 1 January 2019, but has not restated comparatives for the years ended 31 December 2017 and 2018, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance as at 1 January 2019.

On adoption of IFRS 16, the Target Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 *Leases*. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 5.0% per annum.

The remeasurements to the lease liabilities were recognised as adjustments to the related right-of-use assets immediately after the date of initial application.

	US$'000
Operating lease commitments disclosed as at 31 December 2018 *(Note 28)*	1,671
Discounted using the lessee's incremental borrowing rate as at the date of initial application	5.0%
Lease liabilities recognised as at 1 January 2019	1,219
Of which are:	
Current lease liabilities	89
Non-current lease liabilities	1,130
	1,219

The associated right-of-use assets for lands for production site were measured at the amount equal to the lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the consolidated statements of financial position as at 31 December 2018. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets as at the date of initial application.

As at 1 January 2019, the right-of-use assets were remeasured as follows:

	US$'000
Lease liabilities	1,219
Prepaid lease payments	105
Right-of-use assets as at 1 January 2019	1,324

As at 1 January 2019, the recognised right-of-use assets (Note 13) relate to the following type of asset:

	US$'000
Lands	1,324

Under the transition methods chosen, the Target Group has recognised cumulative effect of the initial application of IFRS 16 as adjustments to the opening balance of equity as at 1 January 2019. Comparative information is not restated. Line items that were not affected by the changes have not been included in the following table. As a result, the sub-totals and totals disclosed cannot be recalculated from the numbers provided. The change in accounting policy affected the following items in the consolidated statements of financial position as at 1 January 2019:

	As at 31 December 2018	**Adjustments upon application of IFRS 16**	**As at 1 January 2019**
	US$'000	*US$'000*	*US$'000*
Other non-current assets	1,724	(105)	1,619
Right-of-use assets	–	1,324	1,324
Total non-current assets	96,804	1,324	98,128
Lease liabilities	–	(89)	(89)
Total current liabilities	(117,388)	(89)	(117,477)
Net current assets	180,320	(89)	180,231
Total assets less current liabilities	277,124	1,235	278,359
Lease liabilities	–	(1,130)	(1,130)
Total non-current liabilities	(145,950)	(1,130)	(147,080)

The transition to IFRS 16 does not have impact on the Target Group's reserves as at 1 January 2019.

In applying IFRS 16 for the first time, the Target Group has placed reliance on previous assessments on whether leases are onerous. The Target Group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Target Group relied on its assessment made applying IAS 17 and International Financial Reporting Interpretations Committee ("IFRIC") 4 *Determining whether an Arrangement contains a Lease.*

Please see Note 4.7 for details of the old and new accounting policies for leases.

4. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies are set out below.

4.1 Basis of consolidation

The Historical Financial Information incorporate the financial statements of the Target Company and entities controlled by the Target Group (its subsidiaries).

The results of subsidiaries acquired or disposed of during the Track Record Period are included in the consolidated statements of comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Target Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Target Group's equity therein.

Total comprehensive income of a subsidiary is attributed to the owners of the Target Group and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

4.2 Subsidiaries

Subsidiaries are entities controlled by the Target Group. The Target Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Target Group has power, only substantive rights (held by the Target Group and other parties) are considered.

An investment in a subsidiary is combined into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances, transactions and cash flows and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Changes in the Target Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts within combined equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

When the Target Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss.

4.3 Investment in an associate

An associate is an entity in which the Target Group has a long-term interest of generally not less than 20% of the equity voting rights and over which 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.

The Target Group's investment in an associate are stated in the consolidated statements of financial position at the Target Group's share of net assets under the equity method of accounting, less any impairment losses.

The Target Group's share of the post-acquisition results and other comprehensive income of the associate are included in the consolidated statements of comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the associate, the Target Group recognises its share of any changes, when applicable, in the consolidated statements of changes in equity. Unrealised gains and losses resulting from transactions between the Target Group and its associate are eliminated to the extent of the Target Group's investment in the associate, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of the associate is included as part of the Target Group's interests in an associate.

If an investment in an associate 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, upon loss of significant influence over the associate or joint control over the joint venture, the Target Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

4.4 Revenue recognition

Revenue recognition from 1 January 2018

Under IFRS 15, the Target Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Target Group's performance as the Target Group performs;
- the Target Group's performance creates and enhances an asset that the customer controls as the Target Group performs; or
- the Target Group's performance does not create an asset with an alternative use to the Target Group and the Target Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

A contract asset represents the Target Group's right to consideration in exchange for goods or services that the Target Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with IFRS 9. In contrast, a receivable represents the Target Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Target Group's obligation to transfer goods or services to a customer for which the Target Group has received consideration (or an amount of consideration is due) from the customer. A contract asset and a contract liability relating to a contract are accounted for and presented on a net basis.

Further details of the Target Group's sales of instant noodles and related products revenue recognition and interest income policies are as follows:

i) Sales of goods

Revenue from sale of goods is recognised at the point in time when control of the goods is transferred to the customer, generally on delivery of the goods. The Target Group considers whether there are other promises in the contract that are performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price for the sale of goods, the Target Group considers the effects of variable consideration, the existence of significant financing components, non-cash consideration, and consideration payable to the customer (if any).

A receivable is recognised when the goods are accepted as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due. No element of financing is deemed present as the sales are made under terms whereby the Target Group typically offers a credit term from 30 to 90 days for the remaining balance based on the invoice date.

Variable consideration

If the consideration in a contract includes a variable amount, the Target Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods 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 recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. Some contracts for the sale of goods provide customers with volume rebates giving rise to variable consideration.

Volume rebates

The Target Group provides volume rebates to certain customers once their purchase during the period exceeds a threshold specified in the contract. To estimate the variable consideration for the expected future rebates, the Target Group applies the most likely amount method as the selected method better predicts the amount of variable consideration driven by customers' rebate entitlement based on volume thresholds and purchase made by them during the period. The Target Group then applies the requirements on constraining estimates of variable consideration and recognises a refund liability for the expected rebates.

ii) Interest income

Accounting policy of interest income is stated the section headed "Amortised cost and interest income" in Note 4.13.

iii) Dividend income

Dividend income is recognised when the Target Group's right to receive payment has been established.

Revenue recognition prior to 1 January 2018

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods sold in the normal course of business, net of discounts and sales related taxes.

Revenue from the sale of goods is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- the Target Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Target Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Target Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Target Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Dividend income is recognised when the Target Group's right to receive payment has been established.

4.5 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are charged to the consolidated statements of comprehensive income in the period in which they are incurred.

4.6 Property, plant and equipment

Property, plant and equipment, other than construction in progress, are stated in the consolidated statements of financial position at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

Freehold land is measured on initial recognition at cost and is not depreciated.

Depreciation is recognised so as to write off the cost of items of property, plant and equipment less their residual values over their estimated useful lives, using the straight-line method, as follows:

Buildings and structure	20 years
Land and land improvements	10 – 25 years
Machineries and equipment	15 years
Furniture and fixtures	5 years
Vehicles	5 years

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Construction in progress, which mainly represents construction on plant, machinery and equipment, is stated at cost less any identified impairment losses. Cost comprises direct costs incurred during the periods of construction, installation and testing. No depreciation is provided on construction in progress. Construction in progress is reclassified to the appropriate category of property, plant and equipment when the construction is completed and the asset is ready for use.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

4.7 Leasing

Leasing from 1 January 2019

The Target Group leases land for production sites. Rental contracts are typically made for fixed period. Lease terms are negotiated on an individual basis and do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Target Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is recorded and depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. The depreciation is recorded in the profit or loss.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the fixed payments.

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the Target Group's incremental borrowing rate. The lease liabilities are recorded in the consolidated statements of financial position.

Right-of-use assets are measured at cost comprising the amount of the initial measurement of lease liabilities, lease payment made at or before the commencement date and any initial direct cost.

Leasing prior to 1 January 2019

Leases, where substantially all the risks and rewards of ownership of assets remained with the lessor, were accounted for as operating leases. Where the Target Group was the lessor, assets leased by the Target Group under operating leases were included in non-current assets, and rentals receivable under the operating leases were credited to the consolidated statements of comprehensive income on the straight-line basis over the lease terms. Where the Target Group was the lessee, rentals payable under operating leases were recorded in the consolidated statements of comprehensive income on the straight-line basis over the lease terms.

Leases that transferred substantially all the risks and rewards of ownership of assets to the Target Group, other than legal title, were accounted for as finance leases. At the inception of a finance lease, the cost of the leased asset was capitalised at the present value of the minimum lease payments and recorded together with the obligation, excluding the interest element, to reflect the purchase and financing. Assets held under capitalised finance leases, including prepaid land lease payments under finance leases, were included in property, plant and equipment, and were depreciated over the shorter of the lease terms and the estimated useful lives of the assets. Finance lease payments were apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. A finance lease gave rise to a depreciation expense for the asset as well as a borrowing cost for each period. Finance charges were charged directly to current operations. The depreciation policy for leased assets was consistent with that for depreciable assets that were owned by the Target Group.

4.8 Foreign currencies

These Historical Financial Information are presented in US$, which is the Target Company's functional currency. Each entity in the Target Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities of the Target Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in the consolidated statements of comprehensive income.

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 (i.e. translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

The functional currencies of certain overseas subsidiaries are currencies other than US$. As at the end of the reporting period, the assets and liabilities of these entities are translated into US$ at the exchange rates prevailing at the end of the reporting period and their consolidated statements of comprehensive income are translated into US$ at the weighted average exchange rates for the year.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the consolidated statements of comprehensive income.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

For the purpose of the consolidated statements of cash flows, the cash flows of overseas subsidiaries are translated into US$ at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into US$ at the weighted average exchange rates for the year.

4.9 Short-term employee benefits

Short-term employee benefits are expensed as the related services are provided. A liability is recognised for the amount expected to be paid if the Target Group has present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

4.10 Retirement benefit plans

The Target Group operates defined contribution and defined benefit retirement schemes.

Contributions to defined contribution schemes by the Target Group and employees are calculated as a percentage of the employees' basic salaries. The Target 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 Target 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 recognised 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 recognised in the consolidated statements of comprehensive income at the earlier of the date of (i) when the plan amendment occurs and (ii) when the related restructuring or termination costs are recognised. Interest on net defined benefit obligation is calculated using the discount rate used to measure the pension benefit obligation and recognised in the consolidated statements of comprehensive income.

The Target Group's obligation under employee end of service benefit is accounted for as an unfunded defined benefit plan and is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods and discounting that amount. The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. Remeasurement of the net defined benefit liability, which comprise actuarial gains and losses are recognised immediately in other comprehensive income. The Target Group determines the net interest expense on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability, taking into account any changes in the net defined benefit liability during the period as a result of benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in employee costs in the consolidated statements of comprehensive income.

4.11 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statements of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Target Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

- In respect of taxable temporary differences associated with investments in subsidiaries and associate, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised 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 utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

- In respect of deductible temporary differences associated with investments in subsidiaries and associate, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised

The carrying amount of deferred tax assets is reviewed at each reporting date 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 utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in profit or loss.

The Target Group offsets deferred tax assets and deferred tax liabilities if and only if it 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 realise 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.

4.12 Inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Costs incurred in bringing each product to its present location and condition are accounted for, as follows:

Raw materials and packaging	Purchase cost on a weighted average basis
Goods-in-transit	Invoiced value of goods
Finished goods and work-in-progress	Cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity
Spares	Purchase cost on a weighted average basis

4.13 Financial instruments

Financial instruments from 1 January 2018

Financial assets

Classification and measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit impaired.

Impairment of financial assets

The Target Group recognises a loss allowance for ECLs on financial assets which are subject to impairment under IFRS 9 (including trade and other receivables, amounts due from related parties and bank balances and cash). The amount of ECLs is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECLs represent the ECLs that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECLs ("12m ECLs") represents the portion of lifetime ECLs that is expected to result from default events that are possible within 12 months after the reporting date. Assessments are done based on the Target Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Target Group always recognises lifetime ECLs for trade and other receivables without significant financing component. The ECLs on these assets are assessed individually for debtors with significant balances and collectively using a provision matrix with appropriate groupings.

For all other instruments, the Target Group measures the loss allowance equal to 12m ECLs, unless when there has been a significant increase in credit risk since initial recognition, the Target Group recognises lifetime ECLs. The assessment of whether lifetime ECLs should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Target Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Target Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor; or
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Target Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Target Group has reasonable and supportable information that demonstrates otherwise.

The Target Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

For internal credit risk management, the Target Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Target Group, in full (without taking into account any collaterals held by the Target Group).

Irrespective of the above, the Target Group considers that default has occurred when a financial asset is more than 90 days past due unless the Target Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events of default that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

(iv) Write-off policy

The Target Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade and other receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Target Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

(v) Measurement and recognition of ECLs

The measurement of ECLs is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECLs reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECLs are the differences between all contractual cash flows that are due to the Target Group in accordance with the contract and the cash flows that the Target Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Where ECLs are measured on a collective basis or cater for cases where evidence at the individual instrument level may not yet be available, the financial instruments are grouped based on:

- Nature, size and industry of debtors;
- Past-due status; and
- Nature of financial instruments (i.e. the Target Group's trade and other receivables are each assessed as a separate group).

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

The Target Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables where the corresponding adjustment is recognised through a loss allowance account.

Derecognition of financial assets

A financial asset is primarily derecognised when:

- the rights to receive cash flows from the asset have expired; or
- the Target 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 (a) the Target Group has transferred substantially all the risks and rewards of the asset, or (b) the Target Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities

The Target Group's financial liabilities, i.e. trade and other payables and accruals, loans from shareholders, interest-bearing bank borrowings, amounts due to related parties and lease liabilities, are subsequently measured at amortised cost, using the effective interest method.

The Target Group derecognised financial liabilities when, and only when, the Target Group's obligations are discharged, cancelled or expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Financial instruments prior to 1 January 2018

Financial assets and financial liabilities are recognised in the consolidated statements of financial position when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Financial assets

Classification and measurement of financial assets

The Target Group's financial assets are classified as loans and receivables.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade and other receivables, amounts due from related parties and bank balances and cash) are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment of financial assets below).

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of the reporting period. Financial assets are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty;
- breach of contract, such as default or delinquency in interest or principal payments; or
- it becomes probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Target Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 30 days to 90 days, observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

The carrying amount of the financial assets is reduced by the impairment loss directly for all financial assets with the exception of trade and other receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When trade and other receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Derecognition of financial assets

The Target Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

Financial liabilities and equity instruments

Financial liabilities and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Target Group after deducting all of its liabilities. Equity instruments issued by the Target Group are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

The Target Group's financial liabilities i.e. trade and other payables, interest-bearing bank borrowings, loans from shareholders, amounts due to related parties are subsequently measured at amortised cost, using the effective interest method.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Derecognition of financial liabilities

The Target Group derecognises financial liabilities when, and only when, the Target Group's obligations are discharged, cancelled or expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

4.14 Impairment losses on non-financial assets

At the end of the reporting period, the Target Group reviews the carrying amounts of its non-financial assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Target Group estimates the recoverable amount of the cash-generating unit ("CGU") to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual CGUs, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present values using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or a CGU) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a CGU) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately in profit or loss.

4.15 Related parties

A party is considered to be related to the Target Group if:

(I) the party is a person or a close member of that person's family and that person

(i) has control or joint control over the Target Group;

(ii) has significant influence over the Target Group; or

(iii) is a member of the key management personnel of the Target Group or of a parent of the Target Group;

or

(II) the party is an entity where any of the following conditions applies:

(i) the entity and the Target Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Target 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 associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Target Group or an entity related to the Target 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); and

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Target Group or to the parent of the Target Group.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

4.16 Segment reporting

The Target Group identifies operating segments and prepares segment information based on the regular internal financial information reported to the chief operating decision maker of the Target Group for their decisions about resources allocation to the Target Group's business components and for their review of the performance of those components. The business components in the internal financial information reported to the chief operating decision maker of the Target Group are determined following the Target Group's major operations.

The measurement policies the Target Group used for reporting segment results under IFRS 8 *Operating Segments* are the same as those used in its Historical Financial Information prepared under IFRSs.

4.17 Cash and cash equivalents

For the purpose of the consolidated statements of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short-term highly liquid investments that 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 Target Group's cash management.

For the purpose of the consolidated statements of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

4.18 Provisions and contingent liabilities

Provisions are recognised for other liabilities of uncertain timing or amount when the Target Group has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure excepted to settle the obligation. 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 of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

4.19 Fair value measurement

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 Target 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 participants 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 Target Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the Historical Financial Information are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the Historical Financial Information on a recurring basis, the Target Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

5. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Target Group's accounting policies, which are described in Note 4, the management of the Target Group is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised 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.

The following items are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of each reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Revenue recognition from 1 January 2018

The Target Group applied the following judgements that significantly affect the determination of the amount and timing of revenue from contracts with customers:

Determining method to estimate variable consideration and assessing the constraint

Certain contracts for the sale of goods include volume rebates that give rise to variable consideration. In estimating the variable consideration, the Target Group is required to use either the expected value method or the most likely amount method based on which method better predicts the amount of consideration to which it will be entitled. The Target Group applies the most likely amount method.

For contracts that permit the customer to return an item, under IFRS 15 revenue is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. Therefore, the amount of revenue recognised is adjusted for expected returns, which are estimated based on the historical data.

Estimated impairment of trade receivables and amounts due from related parties/non-controlling interests

Before the adoption of IFRS 9, the Target Group determines impairment losses for bad and doubtful debts resulting from the inability of the customers/debtors to make the required payments. A considerable amount of estimate and judgement is required in assessing the ultimate realisation of these receivables which is based on the ageing of the receivable balance, customer credit-worthiness, and historical write-off experience. If the financial conditions of customers/debtors deteriorate, additional allowance for bad and doubtful debts may be required. Further details are set out in Note 33(b).

Since 1 January 2018, the Target Group follows the guidance of IFRS 9 to estimate the amount of loss allowance for ECLs on trade receivables and amounts due from related parties/non-controlling interests. The Target Group uses provision matrix to calculate ECLs for trade receivables and amounts due from related parties/non-controlling interests. The provision rates are based on the Target Group's historical settlement and observed default experience and historical recoverability rate as groupings of various debtors that have similar loss patterns. The provision matrix is based on the provision rates, taking into account forward-looking information that is reasonable and supportable available without undue costs or effort. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered. In addition, trade receivables and amounts due from related parties/non-controlling interests with significant balances and credit impaired are assessed for ECLs individually.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs are significant estimates. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Target Group's historical credit loss experience and forecast of economic conditions may also not be representative of customers'/debtors' actual default in the future. The information about the ECLs and the trade receivables and amounts due from related parties/non-controlling interests of the Target Group are disclosed in Note 33(b).

Estimated impairment of non-financial assets

Determining whether non-financial assets is impaired requires an estimation of the recoverable amounts of the CGUs to which non-financial assets have been allocated. The recoverable amount calculation requires the Target Group to estimate the future cash flows expected to arise from the CGUs and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, a material impairment loss may arise.

Income taxes

The Target Group has exposure to income taxes in different jurisdictions. Significant judgement is involved in determining the provision for income taxes. Determining income tax provisions involves judgement on the future tax treatment of certain transactions and interpretation of tax rules/tax laws. The Target Group carefully evaluates tax implications of transactions/arrangements and tax provisions are set up accordingly. The tax treatment of such transactions/arrangements is reconsidered periodically to take into account all changes in tax legislation, interpretations and practices in respect thereof.

Retirement benefit plans

The cost of the defined benefit plans and the present value of the obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and employee turnover rate. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. The parameter most subject to change is the discount rate. In determining the appropriate discount rate, management considers the market yield on high quality corporate/government bonds. The mortality rate is based on publicly available mortality tables for the country. Those mortality tables tend to change only at intervals in response to demographic changes. Future salary increases are based on expected future inflation rates for the country. Further details about employee benefits obligations are provided in Note 24.

Estimating expected for returns and variable consideration for volume rebates for the years ended 31 December 2018 and 2019

Since 1 January 2018, the Target Group estimates expected returns and variable considerations to be included in the transaction price for the sale of goods with volume rebates. For contracts that permit the customer to return an item, under IFRS 15, revenue is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. Therefore, the amount of revenue recognised is adjusted for expected returns, if any, which are estimated based on the historical data.

Determining whether a customer will be likely entitled to rebate will depend on the customer's rebates entitlement and accumulated purchases. The Target Group applied most likely amount method for estimating expected volume rebates for contracts. Any significant changes in experience as compared to historical purchasing patterns and rebate entitlements of customers will impact the expected rebate percentages estimated by the Target Group.

The Target Group updates its assessment of expected returns and volume rebates annually and accordingly refund liabilities are adjusted. Estimates of expected returns and volume rebates are sensitive to changes in circumstances and the Target Group's past experience regarding returns and rebate entitlements and may not be representative of customers' actual returns and rebate entitlements in the future.

Net realisable value of inventories

The Target Group performs regular review of the carrying amounts of inventories with reference to ageing analyses of the Target Group's inventories, projections of expected future salability of goods, changes in technological, market, economic and business conditions and management experience and judgement. Based on this review, write-down of inventories will be made when the carrying amounts of inventories decline below their estimated net realisable value. Due to changes in technological, market and economic environment and customers' preference, actual salability of goods may be different from estimation and profit or loss could be affected by differences in this estimation.

Useful lives of property, plant and equipment and right-of-use assets

The costs of property, plant and equipment and right-of-use assets are depreciated on a straight-line basis over the estimated economic useful lives of the property, plant and equipment and right-of-use assets. Management estimates the useful lives of the property, plant and equipment to be five to twenty years and right-of-use assets to be the shorter of the lease terms and the estimated useful lives of the assets. Changes in the expected level of usage, technological developments and/or the period over which future economic benefits are generated could impact the economic useful lives of the assets and, therefore, future depreciation charges could be revised.

6. SEGMENT INFORMATION

An operating segment is a component of the Target Group that is engaged in business activities from which the Target Group may earn revenue and incur expenses, and is defined on the basis of the internal management reporting information that is provided to and regularly reviewed by the chief operating decision maker of the Target Group, in order to allocate resources and assess performance of the segment. For the Track Record Period, the chief operating decision maker of the Target Group regularly reviewed revenue and operating results derived from the production of instant noodles and related products for sale on an aggregate basis and consider it as one single operating segment.

Geographical information

The Target Group's revenue information by geographical areas is based on the locations where the customers are domiciled/located or the destination where the goods are delivered.

	Year ended 31 December		
	2017	**2018**	**2019**
Geographical markets	*US$'000*	*US$'000*	*US$'000*
Kingdom of Saudi Arabia	133,306	138,158	170,892
Republic of Egypt	55,560	87,235	135,868
Iraq	38,168	40,083	57,922
United Arab Emirates	18,544	18,637	20,351
Turkey	16,537	23,402	35,523
Others	72,414	83,768	112,977
Total revenue generated from the sales of instant noodles and related products	334,529	391,283	533,533

Information about major customers

Revenue from customers for the Track Record Period contributing over 10% of the total revenue of the Target Group are as follows:

	Year ended 31 December		
	2017	**2018**	**2019**
	US$'000	*US$'000*	*US$'000*
Customer A	134,444	138,272	168,309
Customer B	37,752	42,108	60,217

7. REVENUE

Revenue represents the sales of instant noodles and related products, net of return, discounts and sales related taxes during the Track Record Period, which are recognised at a point in time, when the instant noodles and related products are delivered to customers at specific location.

An analysis of the Target Group's revenue is as follows:

	Year ended 31 December		
	2017	**2018**	**2019**
	US$'000	*US$'000*	*US$'000*
Sales of instant noodles and related products under IFRS 15	–	391,283	533,533
Sales of instant noodles and related products under IAS 18	334,529	–	–
	334,529	391,283	533,533

Disaggregation of revenue by type of products during the years ended 31 December 2018 and 2019 are as follows:

	Year ended 31 December	
	2018	**2019**
	US$'000	*US$'000*
Instant noodles	377,590	519,335
Energy drinks	9,488	9,580
Chili sauce and other related products	4,205	4,618
	391,283	533,533
Timing of revenue recognition		
At a point in time	391,283	533,533

The transitional provision set out in the amendments to IFRS 15 have been applied and hence no disaggregation of revenue by type of products for the year ended 31 December 2017 is provided.

The Target Group has applied the practical expedient in paragraph 121 of IFRS 15 to its instant noodles and related products contracts regarding the performance obligations that have an original expected duration of one year or less, the Target Group does not make disclosure in accordance with paragraph 120 of IFRS 15, that is the disclosures about the aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied (or partially unsatisfied) as of the end of the reporting periods and an explanation of when the Target Group expects to be recognised as revenue.

A reconciliation between profit for the year attributable to the owners of the Target Company as shown in the consolidated statements of comprehensive income and recurring is as follows:

	Year ended 31 December		
	2017	**2018**	**2019**
	US$'000	*US$'000*	*US$'000*
Profit for the year attributable to the owners of the Target Company	46,520	41,824	43,199
Add: non-recurring items:			
– interest on bank borrowing *(Note 9)*	9,596	10,929	34,487
– others *(Note)*	(592)	2,389	(64)
Recurring profits	55,524	55,142	77,622

Note: Other non-recurring items mainly comprised of foreign exchange differences arising from head office.

8. OTHER INCOME, GAINS AND (LOSSES), NET

	Year ended 31 December		
	2017	**2018**	**2019**
	US$'000	*US$'000*	*US$'000*
Sale of scrap	616	933	1,357
Write-off of inventories	(185)	(209)	(69)
Write-off of property, plant and equipment	(1,004)	(41)	(1,054)
Exchange differences, net	(183)	(5,476)	(657)
Gain/(loss) on disposal of property, plant and equipment	1	10	(4)
Bank interest income	110	211	367
Other (expenses)/income	(5)	(626)	1,850
	(650)	(5,198)	1,790

9. FINANCE COSTS

	Year ended 31 December		
	2017	**2018**	**2019**
	US$'000	*US$'000*	*US$'000*
Interest on bank borrowings	9,596	10,929	34,487
Interest on lease liabilities	–	–	52
Others	30	119	57
	9,626	11,048	34,596

10. PROFIT BEFORE INCOME TAX

Profit before income tax is arrived at after charging:-

	Year ended 31 December		
	2017	**2018**	**2019**
	US$'000	*US$'000*	*US$'000*
Cost of inventories sold	134,317	184,314	241,901
Depreciation of property, plant and equipment	5,159	5,040	5,364
Depreciation of right-of-use assets	–	–	126
Impairment loss/allowance of expected credit losses on trade receivables	484	555	68
Auditors' remuneration	240	405	257
Advertising and promotion expenses^	30,126	22,787	28,399
Minimum lease payments under operating leases	3,856	5,411	–
Other rental expenses#	–	–	9,011
Directors' remuneration*:-			
Wages, salaries allowances, bonuses and benefits in kind	–	–	–
Retirement scheme contributions (defined contribution schemes)	–	–	–
Other employee expenses (including directors' remuneration):-			
Wages, salaries allowances, bonuses and benefits in kind	36,114	41,274	46,683
Retirement contributions scheme	308	224	202
Retirement benefit plans	1,295	1,268	1,367
	37,717	42,766	48,252

\# These expenses relate to short-term leases. They are directly charged as expenses and are not included in the measurement of lease liabilities under IFRS 16.

* The directors' remuneration for the Track Record Period, disclosed pursuant to the disclosure requirements under 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 above. During the Track Record Period, there was no arrangement under which the directors of the Target Company waived or agreed to waive any emoluments.

^ Advertising and promotion expenses were included in selling and distribution expenses for the Track Record Period.

The aggregate of the emoluments in respect of the five highest paid individuals who are not directors of the Target Company during the Track Record Period are as follows:

	Year ended 31 December		
	2017	**2018**	**2019**
	US$'000	*US$'000*	*US$'000*
Wages, salaries allowances, bonuses and benefits in kind	1,144	1,181	1,225
Retirement benefit plans	923	1,026	687
	2,067	2,207	1,912

During the Track Record Period, all the five highest paid individuals who are not the directors of the Target Company whose emoluments fell are within the following bands:

	Year ended 31 December		
	2017	**2018**	**2019**
Nil to Hong Kong dollar ("HK$")1,000,000 (equivalent to approximately US$129,000)	–	–	–
HK$1,000,001 to HK$1,500,000 (equivalent to approximately US$129,000 to US$194,000)	2	2	2
HK$1,500,001 to HK$2,000,000 (equivalent to approximately US$194,000 to US$258,000)	–	–	–
HK$2,000,001 to HK$2,500,000 (equivalent to approximately US$258,000 to US$323,000)	–	–	–
HK$2,500,001 to HK$3,000,000 (equivalent to approximately US$323,000 to US$387,000)	1	–	–
HK$3,000,001 to HK$3,500,000 (equivalent to approximately US$387,000 to US$452,000)	–	1	1
HK$3,500,001 to HK$4,000,000 (equivalent to approximately US$452,000 to US$516,000)	–	–	–
HK$4,000,001 to HK$4,500,000 (equivalent to approximately US$516,000 to US$581,000)	–	–	2
HK$4,500,001 to HK$5,000,000 (equivalent to approximately US$581,000 to US$645,000)	2	2	–

11. INCOME TAX EXPENSE

	Year ended 31 December		
	2017	**2018**	**2019**
	US$'000	*US$'000*	*US$'000*
Current tax:			
– Income tax	9,567	13,866	21,155
– Zakat	1,011	1,174	1,772
Deferred tax *(Note 25)*	(255)	(365)	166
Income tax expense	10,323	14,675	23,093

Pursuant to the laws and regulations of the BVI, the Target Group is not subject to any income tax under this jurisdiction during the Track Record Period.

Corporate Income Tax of the Kingdom of Saudi Arabia is calculated at 20% of the estimated assessable profits of the subsidiaries operating in the Kingdom of Saudi Arabia for the Track Record Period. Where an entity is owned by both Saudi and non-Saudi interests, the portion of taxable income attributable to the non-Saudi interest is subject to income tax, and the Saudi share goes into the basis on which Zakat is assessed.

PAFL is subject to Zakat in accordance with the regulations of the General Authority of Zakat and Tax ("GAZT") of the Kingdom of Saudi Arabia. Zakat is charged on the entity's Zakat base at 2.5%. Provision for Zakat for the Target Group is charged to the consolidated statements of comprehensive income. Pursuant to GAZT, an additional income tax shall be charged at 5% on dividends paid to a non-resident for the Track Record Period.

Zakat and income tax assessments of PAFL have been agreed with the GAZT for all previous years up to 2011. Assessments for the years 2012 through 2018 are not yet finalised. Final declarations for the aforesaid assessments have been filed within the statutory deadline. The GAZT has not yet raised assessments for these years up to the date of this Historical Financial Information.

Corporate income tax of Egypt is calculated at 22.5% of the estimated assessable profits of the subsidiary companies operating in Egypt for the Track Record Period.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

A reconciliation of income tax expense applicable to profit before income tax at the statutory rates for the jurisdictions or countries in which the Target Group are domiciled to the income tax expense at the effective tax rates is as follows:

	Year ended 31 December		
	2017	2018	2019
	US$'000	*US$'000*	*US$'000*
Profit before income tax	79,575	87,159	125,047
Effect of different tax rates in other jurisdictions	11,885	16,430	30,001
Income not subject to tax	(4,526)	(5,734)	(10,244)
Expenses not deductible for tax	874	804	701
Effect of withholding tax at the statutory rates for the respective jurisdictions on the distributable profits of the Target Group's subsidiaries	2,495	1,759	2,388
Others	(405)	1,416	247
Income tax expense	10,323	14,675	23,093

12. PROPERTY, PLANT AND EQUIPMENT

	Buildings and structure	Land* and land improvements	Machineries and equipment	Furniture and fixtures	Vehicles	Plant, machinery and equipment under construction	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
At cost							
As at 1 January 2017	25,199	2,523	39,357	5,440	3,308	1,657	77,484
Additions	2,199	236	2,058	612	344	3,510	8,959
Written off	(27)	–	(2,158)	(1,489)	(208)	(281)	(4,163)
Reclassification	402	–	2,030	61	1	(2,494)	–
Exchange realignment	348	76	405	65	50	20	964
As at 31 December 2017 and 1 January 2018	28,121	2,835	41,692	4,689	3,495	2,412	83,244
Additions	396	2,052	2,665	360	249	462	6,184
Written off	(1)	–	(26)	(43)	(36)	–	(106)
Reclassification	1,364	–	377	6	36	(1,783)	–
Exchange realignment	(485)	(376)	(247)	(53)	(14)	(22)	(1,197)
As at 31 December 2018 and 1 January 2019	29,395	4,511	44,461	4,959	3,730	1,069	88,125
Additions	1,411	–	4,108	572	431	5,508	12,030
Written off	–	(301)	(1,398)	(27)	(52)	(122)	(1,900)
Reclassification	130	–	161	39	–	(330)	–
Exchange realignment	176	146	596	61	94	57	1,130
As at 31 December 2019	31,112	4,356	47,928	5,604	4,203	6,182	99,385

	Buildings and structure	Land* and land improvements	Machineries and equipment	Furniture and fixtures	Vehicles	Plant, machinery and equipment under construction	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Accumulated depreciation							
As at 1 January 2017	10,061	27	12,453	4,187	2,187	–	28,915
Charge for the year	1,255	8	2,896	605	395	–	5,159
Write off for the year	(28)	–	(1,465)	(1,471)	(195)	–	(3,159)
Exchange realignment	111	1	96	52	52	–	312
As at 31 December 2017 and 1 January 2018	11,399	36	13,980	3,373	2,439	–	31,227
Charge for the year	1,357	8	2,838	473	364	–	5,040
Write off for the year	(1)	–	(5)	(39)	(20)	–	(65)
Exchange realignment	(38)	(1)	(17)	(2)	(30)	–	(88)
As at 31 December 2018 and 1 January 2019	12,717	43	16,796	3,805	2,753	–	36,114
Charge for the year	1,456	2	3,012	508	386	–	5,364
Write off for the year	–	(8)	(759)	(21)	(58)	–	(846)
Exchange realignment	138	–	211	39	3	–	391
As at 31 December 2019	14,311	37	19,260	4,331	3,084	–	41,023
Carrying amount							
As at 31 December 2017	16,722	2,799	27,712	1,316	1,056	2,412	52,017
As at 31 December 2018	16,678	4,468	27,665	1,154	977	1,069	52,011
As at 31 December 2019	16,801	4,319	28,668	1,273	1,119	6,182	58,362

* The Target Group's land is located in the Kingdom of Saudi Arabia and is a freehold land.

Plant, machinery and equipment under construction as at each reporting date mainly represents costs incurred on construction of buildings. As at 31 December 2017, 2018 and 2019, the plant, machinery and equipment under construction was not ready for the intended use by the Target Group.

13. RIGHT-OF-USE ASSETS

	US$'000
Cost	
As at 1 January 2017, 31 December 2017 and 2018	–
Impact on initial application of IFRS 16 *(Note 3.2(iii))*	1,324
As at 1 January 2019 and 31 December 2019	1,324
Accumulated depreciation	
As at 1 January 2017, 31 December 2017 and 2018 and 1 January 2019	–
Charge for the year	(126)
As at 31 December 2019	(126)
Net carrying amount	
As at 31 December 2017	–
As at 31 December 2018	–
As at 31 December 2019	1,198

Upon the initial application of IFRS 16 as at 1 January 2019, operating lease commitments related to lands for production sites were remeasured and recognised as adjustments to right-of-use assets immediately after the date of initial application (Note 3.2(iii)).

The Target Group rents properties for lands for production site in the Kingdom of Saudi Arabia with a lease term of 25 years. The lease agreement is renewable and can be early terminated by mutual agreement between the two parties.

14. INTERESTS IN AN ASSOCIATE

	2017	**2018**	**2019**
	US$'000	*US$'000*	*US$'000*
Unquoted equity investment			
As at 1 January	29,124	34,372	42,438
Share of result for the year	30,581	18,122	12,216
Dividend received	(21,240)	(9,940)	(5,312)
Share of other comprehensive income/(loss) of an associate	–	54	(799)
Currency translation difference on translating foreign operations	(4,093)	(170)	(19)
As at 31 December	34,372	42,438	48,524

Particulars of the associate and its principal subsidiaries as at 31 December 2017, 2018 and 2019 are as follows:

Name	Particulars of issued shares held	Place of incorporation/ registration and business	Percentage of ownership interest attributable to the Target Group as at 31 December 2017, 2018, 2019 and date of this Historical Financial Information	Principal activities
Associate				
Dufil Prima Foods Plc ("Dufil Prima")	Ordinary shares	Federal Republic of Nigeria	48.99%	Manufacturing and marketing of instant noodles, seasoning, pasta, wheat flour, packaging material, snacks and oil
Principal subsidiaries of Dufil Prima				
De United Foods Industries Limited	Ordinary shares	Federal Republic of Nigeria	99.99% held by Dufil Prima	Manufacturing and marketing of instant noodles and seasoning
Insignia Print Technology LFTZ Enterprise	Ordinary shares	Federal Republic of Nigeria	99.99% held by Dufil Prima	Manufacturing and selling of packaging materials
Raffles Oil LFTZ Enterprise	Ordinary shares	Federal Republic of Nigeria	99.99% held by Dufil Prima	Manufacturing and marketing of vegetable oil, refined bleached deodorised palm oil and its by-product

The summarised financial statements of the Dulfil Prima and its subsidiaries are as follows:

	As at 31 December		
	2017	**2018**	**2019**
	US$'000	*US$'000*	*US$'000*
Current assets	210,687	244,977	280,348
Non-current assets	99,817	129,701	145,930
Total assets	310,504	374,678	426,278
Total liabilities	(240,348)	(288,060)	(327,237)
Net assets	70,156	86,618	99,041

	Year ended 31 December		
	2017	2018	2019
	US$'000	*US$'000*	*US$'000*
Revenue	477,088	572,703	578,092
Profit after income tax	62,419	36,988	24,934
Other comprehensive (loss)/income	(1)	110	(1,631)
Total comprehensive income	62,418	37,098	23,303

In June 2019, the Federal Inland Revenue Service ("FIRS") of the Federal Republic of Nigeria conducted a full-scale tax audit on Dufil Prima, covering Nigeria's corporate income tax, tertiary education tax, value added tax and withholding tax, for the years ended 31 December 2017 and 2018. Transfer pricing audit was also carried out in June 2018, covering 2013 to 2016 financial years. The reports on both tax and transfer pricing audit are yet to be made available by FIRS; and may not also be available up to the date of this report.

In the opinion of the directors of the Target Company, the potential lax liabilities that may result from the tax and transfer pricing audit are not financially material.

15. INVENTORIES

	As at 31 December		
	2017	2018	2019
	US$'000	*US$'000*	*US$'000*
Raw materials and packaging	17,839	16,238	27,268
Goods-in-transit	5,006	2,541	3,194
Finished goods	5,012	5,851	7,606
Spares and work-in-progress	5,993	8,170	9,792
	33,850	32,800	47,860

As at 31 December 2017, 2018 and 2019, write-off of inventories amounting to approximately US$185,000, US$209,000 and US$69,000 were made against those finished goods written-off due to obsolete goods during the Track Record Period.

16. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	As at 31 December		
	2017	2018	2019
	US$'000	*US$'000*	*US$'000*
Trade receivables – gross	72,618	65,740	81,271
Less: impairment loss/allowance for ECLs recognised	(3,494)	(4,049)	(4,117)
Trade receivables – net *(Note (a))*	69,124	61,691	77,154
Prepayments and deposits	11,430	12,595	12,144
Amounts due from non-controlling interests *(Note (b))*	891	932	6,841
Advances to staff	638	528	1,791
Advances to suppliers	3,728	5,150	7,948
Other receivables	5,892	3,507	5,809
Total	91,703	84,403	111,687
Less: prepayments and deposits – non-current	(562)	(1,285)	(716)
other receivables – non current *(Note (c))*	(1,162)	(156)	(2,520)
Total current portion	89,979	82,962	108,451

Notes:

(a) Trade receivables

The Target Group generally allows an average credit period of 30 to 90 days to its trade customers. The Target Group did not hold any collateral as security or other credit enhancements over the trade receivables.

The ageing analysis of the Target Group's trade receivables (net of impairment loss/allowance for ECLs) based on the invoice date at the end of each reporting period is as follows:

	As at 31 December		
	2017	2018	2019
	US$'000	*US$'000*	*US$'000*
0 – 90 days	60,289	34,475	54,337
91 – 180 days	8,818	25,204	22,443
181 – 270 days	5	1,208	224
Over 270 days	12	804	150
	69,124	61,691	77,154

Impairment under IAS 39 as at 31 December 2017

During the year ended 31 December 2017, an impairment loss of approximately US$484,000 was recognised in respect of trade receivables that had been outstanding and the directors of the Target Company assessed the recoverability of the amounts was in doubt. As at 31 December 2017, trade receivables that were neither past due nor impaired related to a number of independent customers for whom there was no recent history of default. Trade receivables that were past due but not impaired related to a number of independent customers that had a good track record, based on past experience, and the directors of the Target Company were of the opinion that no provision for impairment under IAS 39 was necessary in respect of these balances due from customers with long business relationship and there had not been a significant change in credit quality and the balances were still considered fully recoverable.

Allowance for ECLs under IFRS 9

The Target Group applies the simplified approach to provide for ECLs prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables. The Target Group has assessed the allowance for ECLs on trade receivables collectively based on internal credit rating and ageing, past due status and repayment history of these balances which, in the opinion of the directors of the Target Company, have no significant increase in credit risk during the years ended 31 December 2018 and 2019. During the years ended 31 December 2018 and 2019, allowance for ECLs on trade receivables of approximately US$555,000 and US$68,000 were therefore recognised, respectively, as the directors of the Target Company assessed the recoverability of the amounts was in doubt.

The ageing analysis of the Target Group's trade receivables (net of impairment loss/allowance for ECLs) based on the due date at the end of each reporting period is as follows:

	As at 31 December		
	2017	**2018**	**2019**
	US$'000	*US$'000*	*US$'000*
Neither past due nor impaired	15,285	17,869	17,554
Less than 90 days past due	14,664	10,187	23,780
Over 90 days but less than 180 days past due	39,175	33,635	35,820
	69,124	61,691	77,154

The movements in the provision for impairment loss/allowance for ECLs on trade receivables during the Track Record Period are as follows:

	Year ended 31 December		
	2017	**2018**	**2019**
	US$'000	*US$'000*	*US$'000*
At the beginning of year	3,010	3,494	4,049
Impairment loss/allowance for ECLs recognised	484	555	68
At the end of year	3,494	4,049	4,117

Further details are disclosed in Note 33(b).

(b) Amounts due from non-controlling interests

The amounts due are unsecured, interest-free and repayable on demand.

The maximum amounts due from the non-controlling interests during the Track Record Period amounted to approximately US$891,000, US$932,000 and US$6,841,000, respectively.

(c) Other receivables – non-current

Non-current other receivables mainly comprised of deductible value added tax receivables.

17. AMOUNTS DUE FROM/(TO) RELATED PARTIES/A SUBSIDIARY

The amounts due are unsecured, interest-free and repayable on demand.

The maximum amounts due from the related parties during the Track Record Period amounted to approximately US$122,775,000, US$123,590,000 and US$123,590,000, respectively.

18. CASH AND CASH EQUIVALENTS

Bank balances and cash comprise cash held by the Target Group with the original maturity of three months or less.

The Target Group's bank balances carry interests at market rate ranging as follows:

	As at 31 December		
	2017	**2018**	**2019**
Bank balances	0.00% to 3.11% per annum	0.00% to 3.04% per annum	0.00% to 3.00% per annum

As at 31 December 2017, 2018 and 2019, the currencies of bank balances and cash of the Target Group and Target Company that are denominated in are set out below:

	The Target Group As at 31 December		
	2017	**2018**	**2019**
	US$'000	*US$'000*	*US$'000*
US$	13,730	14,318	16,595
SAR	16,487	37,255	38,762
EGP	1,532	5,910	8,398
TRL	278	153	1,453
Other currencies	528	720	2,277
	32,555	58,356	67,485

	The Target Company As at 31 December		
	2017	**2018**	**2019**
	US$'000	*US$'000*	*US$'000*
US$	11,586	12,440	11,690

19. RECONCILIATION OF LIABILITIES FROM FINANCING ACTIVITIES

The table below details changes in the Target Group's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the Target Group's consolidated statements of cash flows as cash flows from financing activities:

	Amounts due from/(to) related parties	Loans from shareholders	Lease liabilities	Interest-bearing bank borrowings	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
		(Note 21)	*(Note 23)*	*(Note 22)*	
As at 1 January 2017	(6,584)	16,152	–	70,000	79,568
Changes from financing cash flows:					
Proceeds of loans from shareholders	–	3,605	–	–	3,605
Proceeds of new interest-bearing bank borrowings	–	–	–	100,000	100,000
Changes in related parties' movements	(103,646)	–	–	–	(103,646)
Total changes from financing cash flows	(103,646)	3,605	–	100,000	(41)
Other changes:					
Interest expense on interest-bearing bank borrowings	–	–	–	6,975	6,975
Interests and bank charges paid	–	–	–	(6,975)	(6,975)
Total other changes	–	–	–	–	–
As at 31 December 2017 and 1 January 2018	(110,230)	19,757	–	170,000	79,527
As at 31 December 2017 and 1 January 2018	(110,230)	19,757	–	170,000	79,527
Changes from financing cash flows:					
Proceeds of loans from shareholders	–	512	–	–	512
Repayments of interest-bearing bank borrowings	–	–	–	(17,000)	(17,000)
Changes in related parties' movements	(1,008)	–	–	–	(1,008)
Total changes from financing cash flows	(1,008)	512	–	(17,000)	(17,496)

	Amounts due from/(to) related parties	Loans from shareholders	Lease liabilities	Interest-bearing bank borrowings	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
		(Note 21)	*(Note 23)*	*(Note 22)*	
Other changes:					
Interest expense on interest-bearing bank borrowings	–	–	–	10,928	10,928
Interests and bank charges paid	–	–	–	(10,928)	(10,928)
Total other changes	–	–	–	–	–
As at 31 December 2018	(111,238)	20,269	–	153,000	62,031
Impact on initial application of IFRS 16 *(Note 3.2(iii))*	–	–	1,219	–	1,219
As at 1 January 2019	(111,238)	20,269	1,219	153,000	63,250
Changes from financing cash flows:					
Repayment of loans from shareholders	–	(10,598)	–	–	(10,598)
Proceeds of new interest-bearing bank borrowings	–	–	–	250,000	250,000
Repayments of interest-bearing bank borrowings	–	–	–	(403,000)	(403,000)
Repayment of lease liabilities – principal	–	–	(89)	–	(89)
Changes in from related parties' movements	95,662	–	–	–	95,662
Total changes from financing cash flows	95,662	(10,598)	(89)	(153,000)	(68,025)
Other changes:					
Interest expense on interest-bearing bank borrowings	–	–	–	34,250	34,250
Interests and bank charges paid	–	–	–	(34,250)	(34,250)
Interest expense on lease liabilities	–	–	52	–	52
Repayment of lease liabilities – interest	–	–	(52)	–	(52)
Total other changes	–	–	–	–	–
As at 31 December 2019	(15,576)	9,671	1,130	–	(4,775)

20. TRADE AND OTHER PAYABLES AND ACCRUALS

	As at 31 December		
	2017	**2018**	**2019**
	US$'000	*US$'000*	*US$'000*
Trade payables *(Note (a))*	2,470	4,743	12,530
Amounts due to non-controlling interests *(Note (b))*	22,020	18,391	24,303
Other payables	2,692	8,090	6,756
Accruals *(Note (c))*	27,538	28,738	23,831
Total	54,720	59,962	67,420
Less: other payables – non-current	(273)	(118)	(399)
Total current portion	54,447	59,844	67,021

Notes:

(a) The Target Group is granted by its suppliers a credit period generally of 60 days. The ageing analysis of the Target Group's trade payables based on the invoice date at the end of each reporting period is as follows:

	As at 31 December		
	2017	**2018**	**2019**
	US$'000	*US$'000*	*US$'000*
0-60 days	2,201	3,928	12,340
61-90 days	131	708	150
91-180 days	138	107	33
Over 180 days	–	–	7
	2,470	4,743	12,530

(b) The amounts due are unsecured, interest-free and repayable on demand.

(c) Included in accruals, approximately US$23,198,000, US$22,892,000 and US$18,900,000 were accrued advertising and promotion expenses as at the end of each Track Record Period, respectively.

21. LOANS FROM SHAREHOLDERS

The amounts are non-trade in nature, unsecured, interest-free and repayable on demand.

	The Target Group			The Target Company		
	2017	**2018**	**2019**	**2017**	**2018**	**2019**
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
The shareholders of the Target Company	19,757	20,269	9,671	–	–	8,268

22. INTEREST-BEARING BANK BORROWINGS

	The Target Group and Target Company As at 31 December		
	2017	**2018**	**2019**
	US$'000	*US$'000*	*US$'000*
Secured bank borrowings	170,000	153,000	–
Analysed into:			
Interest-bearing bank borrowings repayable:			
Within one year	17,000	17,000	–
In the first year to second years, inclusive	17,000	25,500	–
In the second year to fifth years, inclusive	136,000	110,500	–
	170,000	153,000	–

The term loan bore interest at the rate of London Interbank Offered Rate ("LIBOR") + 5% per annum during the Track Record Period and was guaranteed by the Ultimate Shareholder and pledged by shares of the Target Company.

The term loan had been fully repaid and both the guarantee and pledge were released on 17 December 2019.

23. LEASE LIABILITIES

The following table shows the remaining contractual maturities of the Target Group's lease liabilities as at 31 December 2019 and at the date of transition to IFRS 16:

	As at 1 January 2019 US$'000 Present value of minimum lease payments	1 January 2019 US$'000 Total minimum lease payments	As at 31 December 2019 US$'000 Present value of minimum lease payments	31 December 2019 US$'000 Total minimum lease payments
Within 1 year	89	140	90	148
After 1 year but within 2 years	96	149	94	142
After 2 years but within 5 years	289	418	288	403
More than 5 years	745	964	658	753
	1,219	1,671	1,130	1,446
Less: total future interest expenses		(452)		(316)
Present value of lease liabilities		1,219		1,130

Note: The Target Group has initially applied IFRS 16 using the modified retrospective approach as at 1 January 2019 and operating lease commitments of the Target Group as at 31 December 2018 were remeasured and recognised as adjustments to the lease liabilities immediately after the date of initial application relating to leases which were previously classified as operating leases under IAS 17. Comparative information as at 31 December 2018 has not been restated. Further details on the impact of the transition to IFRS 16 are set out in Note 3.2(iii).

Amounts included in the consolidated statements of cash flows for leases comprise the following:

	Year ended 31 December 2019 US$'000
Within operating cash flows	9,011
Within financing cash flows	141
	9,152

The Target Group rents properties for lands for production site under operating leases. The agreement runs for an initial period of 25 years. The lease agreement is renewable by mutual agreement between the two parties.

The amounts relating to leases recognised in the consolidated statements of comprehensive income during the year ended 31 December 2019 are as follows:

	US$'000
Depreciation charge of right-of-use assets *(Note 13)*	126
Interest expenses included in finance costs *(Note 9)*	52
Other rental expenses *(Note 10)*	9,011
	9,189

24. EMPLOYEE BENEFITS

The Target Group operates mainly an unfunded employees' end of service benefits plan ("EOSB") for its employees as required by the Saudi Arabian Labor Law. The movement in EOSB for the Track Record Period is as follows:

	Year ended 31 December		
	2017	**2018**	**2019**
	US$'000	*US$'000*	*US$'000*
As at 1 January	7,948	8,973	9,349
Included in profit or loss			
Current service cost	997	946	958
Interest cost	298	323	409
Included in other comprehensive income			
Actuarial loss/(gain)	86	(289)	(19)
Benefit paid	(356)	(604)	(1,061)
As at 31 December	8,973	9,349	9,636

	2017	**2018**	**2019**
Discount rate	3.55%	4.35%	2.95%
Future salary growth/expected rate of salary increase:			
– 1 to 3 years	5.00%	5.00%	5.00%
– Over 3 years	3.55%	4.35%	2.95%
Mortality rate	World Health Organisation ("WHO") SA16 – 75%	WHO SA16 – 75%	WHO SA16 – 75%
Employee turnover/withdrawal rates	Moderate	Moderate	Moderate

The quantitative sensitivity analysis for principal assumptions is as follows:

	Year ended 31 December		
	2017	**2018**	**2019**
	US$'000	*US$'000*	*US$'000*
Discount rate:			
+0.5% increase	(340)	(354)	(387)
-0.5% decrease	365	380	417
Future salary growth/expected rate of salary increase:			
+0.5% increase	265	276	346
-0.5% decrease	(249)	(260)	(325)

The sensitivity analysis above has been determined based on a method that extrapolates the impact on the defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of each Track Record Period. The sensitivity analyses are based on a change in a significant assumption, keeping all other assumptions constant. The sensitivity analysis may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation from one another.

The weighted average duration of the EOSB is approximately 8.4 years, 7.9 years and 7.9 years for the years ended 31 December 2017, 2018 and 2019, respectively.

The analysis of the actuarial loss/(gain) is as follows:

	Year ended 31 December		
	2017	**2018**	**2019**
	US$'000	*US$'000*	*US$'000*
Financial assumptions	108	(57)	183
Demographic assumptions	–	(1)	–
Experience adjustment	(22)	(231)	(202)
	86	(289)	(19)

The following payments are expected contributions to the EOSB during the Track Record Period are as follows:

	As at 31 December		
	2017	**2018**	**2019**
	US$'000	*US$'000*	*US$'000*
Within the next 12 months	580	686	710
Between 1 and 5 years	4,310	4,659	4,438
Between 5 and 10 years	5,526	5,536	4,881
Total expected payments	10,416	10,881	10,029

Amounts recognised in the consolidated statements of comprehensive income in respect of EOSB are as follows:

	As at 31 December		
	2017	2018	2019
	US$'000	*US$'000*	*US$'000*
Scheme administrative costs	925	957	933
Net interest expense	298	323	409
Components of defined benefit costs recognised in profit or loss (included in administrative and other expenses)	1,223	1,280	1,342
Remeasurement of the net defined benefit liability:			
Actuarial gains arising from changes in demographic assumptions	–	(1)	–
Actuarial (losses)/gains arising from changes in financial assumptions	(108)	804	143
Actuarial gains/(losses) arising from changes in experience assumptions	22	(514)	(124)
Components of defined benefit costs recognised in other comprehensive (loss)/income	(86)	289	19

The Target Group's obligation under EOSB is accounted for as an unfunded defined benefit plan and therefore no movements in the fair value of plan assets are presented.

25. DEFERRED TAX ASSETS/LIABILITIES

Deferred tax assets recognised and the movements of the deferred tax assets during the Track Record Period are as follows:

	Property, plant and equipment	Employee benefits	Others	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*
As at 1 January 2017	(762)	–	938	176
Credited to consolidated statements of comprehensive income	–	10	–	10
(Charged)/credited to income tax expense *(Note 11)*	(31)	1,040	(631)	378
As at 31 December 2017 and 1 January 2018	(793)	1,050	307	564
Charged to consolidated statements of comprehensive income	–	(34)	–	(34)
Credited to income tax expense *(Note 11)*	38	80	284	402
Exchange realignment	–	–	(18)	(18)
As at 31 December 2018 and 1 January 2019	(755)	1,096	573	914
Charged to consolidated statements of comprehensive income	–	(4)	–	(4)
Credited/(charged) to income tax expense *(Note 11)*	151	(3)	(62)	86
Exchange realignment	–	45	(14)	31
As at 31 December 2019	(604)	1,134	497	1,027

Deferred tax liabilities recognised and the movements of the deferred tax liabilities during the Track Record Period are as follows:

	Depreciation allowances in excess of the related depreciation *US$'000*
As at 1 January 2017	(329)
Charged to income tax expense *(Note 11)*	(123)
Exchange realignment	(16)
As at 31 December 2017 and 1 January 2018	(468)
Charged to income tax expense *(Note 11)*	(37)
Exchange realignment	22
As at 31 December 2018 and 1 January 2019	(483)
Charged to income tax expense *(Note 11)*	(252)
Exchange realignment	(38)
As at 31 December 2019	(773)

26. SHARE CAPITAL

The Target Company

	2017	**2018**	**2019**
		Number of ordinary shares	
Authorised:			
At 1 January	500	500	500
Increase during the year	–	–	149,999,500
At 31 December	500	500	150,000,000
Issued and fully paid:			
At 1 January	204	204	204
Increase during the year	–	–	138,878,384
At 31 December	204	204	138,878,588

	2017 *US$'000*	**2018** *US$'000*	**2019** *US$'000*
Issued and fully paid:			
At 1 January	-*	-*	-*
Issuance of shares	–	–	138,878
At 31 December	-*	-*	138,878

* Amount less than US$1,000

On 23 December 2019, the number of authorised shares of the Target Company has been increased from 500 to 150,000,000, pursuant to a special resolution of the Target Company dated 23 December 2019. On the same date, the issued share capital of the Target Company has been increased from US$204 to US$138,878,588 by receiving US$138,878,384 paid up share capital.

The holders of ordinary shares are entitled to receive dividends as and when declared by the Target Company. All ordinary shares, with no par value, carry one vote per share without restrictions.

The interest-bearing bank borrowings were secured by the pledge of the Target Company's shares (Note 22).

27. RESERVES

Details of the movements on the Target Group's reserves are as set out in the consolidated statements of changes in equity.

Details of the movements on the Target Company's reserves are set out as follows:

	Share capital	Other reserve	Accumulated losses	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*
As at 1 January 2017	-*	2,250	(60,276)	(58,026)
Profit and total comprehensive income for the year	–	–	13,450	13,450
As at 31 December 2017 and 1 January 2018	-*	2,250	(46,826)	(44,576)
Profit and total comprehensive income for the year	–	–	17,606	17,606
As at 31 December 2018 and 1 January 2019	-*	2,250	(29,220)	(26,970)
Profit and total comprehensive income for the year	–	–	28,055	28,055
Issuance of shares *(Note 26)*	138,878	–	–	138,878
Dividend paid *(Note 34)*	–	–	(3,200)	(3,200)
As at 31 December 2019	138,878	2,250	(4,365)	136,763

* Amount less than US$1,000

Merger and other reserve

The merger and other reserves include merger reserves arising from restructuring activities in some of the Target Group's subsidiary companies and a voluntary reserve of the Target Company for the purpose of investment in the Kingdom of Saudi Arabia. Prior to the Track Record Period, the Target Company has resolved to discontinue such transfers and it is not available for distribution.

Foreign currency translation reserve

Foreign currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operation whose functional currencies are different from that of the Target Company's functional currency.

28. OPERATING LEASE COMMITMENTS

The Target Group made minimum lease payments under operating leases in respect of lands for production site during the Track Record Period. No contingent rents recognised in the consolidated statements of comprehensive income during the Track Record Period.

At the end of each reporting period, the Target Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	As at 31 December		
	2017	**2018**	**2019**
	US$'000	*US$'000*	*US$'000*
Within one year	2,416	3,354	–
In the first to second years, inclusive	163	149	–
In the second to fifth years, inclusive	413	418	–
More than five years	1,095	963	–
	4,087	4,884	–

Operating lease payments represent rentals payable by the Target Group for lands for production site. Lease is negotiated for term of 25 years. The lease agreement is renewable by mutual agreement between the two parties.

Upon the initial application of IFRS 16 as at 1 January 2019, operating lease commitments was remeasured and recognised as adjustments to the lease liabilities immediately after the date of initial application (Note 3.2(iii)). Hence, there is no operating lease commitments disclosed as at 31 December 2019.

29. CAPITAL COMMITMENTS

At the end of each reporting period, capital commitments outstanding not provided for in the Historical Financial Information are as follows:

	As at 31 December		
	2017	**2018**	**2019**
	US$'000	*US$'000*	*US$'000*
Property, plant and equipment, contracted but not provided for	1,816	2,683	2,725

30. RELATED PARTY TRANSACTIONS

Save for those disclosed elsewhere in this Historical Financial Information, details of transactions between the Target Group and its related parties are disclosed below.

Name of related companies	**Nature of transactions**	**Year ended 31 December 2017**	**2018**	**2019**
		US$'000	*US$'000*	*US$'000*
Indo Baltic Doo Croatia *(Note (a))*	Sales of goods	686	4,105	6,031
Indofood *(Note (b))*	Purchase of goods	68,573	77,485	117,437
ICBP *(Note (b))*	Technical fees	8,548	8,432	10,635
Indofood *(Note (b))*	Royalty and technical fees	2,468	3,673	6,038

Notes:

(a) Indo Baltic Doo Croatia has the same director, Paul Lim Kah Seng, as one of the subsidiaries of the Target Company, Indoadriatic Industry d.o.o. Indija.

(b) The Ultimate Shareholder is one of the shareholders of these related companies.

The directors of the Target Company are of the opinion that the above related party transactions were conducted on terms mutually agreed by the relevant parties and in the ordinary course of business.

The interest-bearing bank borrowings of the Target Group were guaranteed by the Ultimate Shareholder (Note 22).

Remuneration for key management personnel of the Target Group for the Track Record Period is disclosed as follows:

	Year ended 31 December		
	2017	**2018**	**2019**
	US$'000	*US$'000*	*US$'000*
Wages, salaries allowances, bonuses and benefits in kind	2,187	2,419	2,848
Retirement benefit plans	702	1,040	941
	2,889	3,459	3,789

31. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

Details of the Target Company's subsidiaries that have material non-controlling interests are set out as follows:

(i) PAFL

	As at 31 December		
	2017	**2018**	**2019**
	%	*%*	*%*
Percentage of equity interest held by non-controlling interests of PAFL:	41.0	41.0	41.0

The following table illustrates the summarised consolidated financial information of PAFL. The amounts disclosed are before any inter-company eliminations:

	As at 31 December		
	2017	**2018**	**2019**
	US$'000	*US$'000*	*US$'000*
Non-current assets	42,985	35,872	28,145
Current assets	140,078	147,472	178,164
Non-current liabilities	(8,901)	(9,287)	(10,590)
Current liabilities	(39,104)	(38,427)	(36,689)
Net assets	135,058	135,630	159,030

	Year ended 31 December		
	2017	2018	2019
	US$'000	*US$'000*	*US$'000*
Revenue	253,819	248,544	318,829
Profit before income tax	60,156	71,227	115,547
Income tax expense	(6,659)	(9,459)	(15,423)
Profit for the year	53,497	61,768	100,124
Other comprehensive (loss)/income	(76)	255	(17)
Total comprehensive income	53,421	62,023	100,107
Net cash flows generated from operating activities	49,079	77,281	78,715
Net cash flows used in investing activities	(449)	(615)	(414)
Net cash flows used in financing activities	(45,845)	(55,897)	(76,795)
Net cash inflow	2,785	20,769	1,506

(ii) SWGL

	As at 31 December		
	2017	2018	2019
	%	*%*	*%*
Percentage of equity interest held by non-controlling interests of SWGL and its subsidiaries:	41.0	41.0	41.0

The following table illustrates the summarised financial information of SWGL and its subsidiaries. The amounts disclosed are before any inter-company eliminations:

	As at 31 December		
	2017	2018	2019
	US$'000	*US$'000*	*US$'000*
Non-current assets	21,814	24,734	29,866
Current assets	38,634	48,650	70,410
Non-current liabilities	(813)	(664)	(1,172)
Current liabilities	(78,703)	(86,078)	(87,008)
Net (liabilities)/assets	(19,068)	(13,358)	12,096

	Year ended 31 December		
	2017	**2018**	**2019**
	US$'000	*US$'000*	*US$'000*
Revenue	85,887	145,418	217,323
Profit before income tax	3,367	9,901	31,463
Income tax expense	(1,169)	(3,458)	(5,282)
Profit for the year	2,198	6,443	26,181
Other comprehensive (loss)/income	(655)	895	1,429
Total comprehensive income	1,543	7,338	27,610
Net cash flows generated from operating activities	2,319	9,544	10,796
Net cash flows used in investing activities	(7,616)	(5,541)	(10,696)
Net cash flows generated from financing activities	6,452	1,219	4,284
Net cash inflow	1,155	5,222	4,384

32. CAPITAL MANAGEMENT

The Target Group manages its capital to ensure that entities in the Target Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Target Group's overall strategy remains unchanged throughout the Track Record Period.

The capital structure of the Target Group consists of equity attributable to owners of the Target Company, comprising issued paid-up capital and reserves. As at 31 December 2017 and 2018, the Target Group had external interest-bearing bank borrowings of US$170,000,000 and US$153,000,000, respectively. The Target Group does not have any external interest-bearing bank borrowings as at 31 December 2019 and is not subject to any externally imposed capital requirements.

The management of the Target Group reviews the capital structure regularly. As part of this review, the management considers the cost and the risks associated with each class of the capital. Based on recommendations of the management, the Target Group will balance the overall capital structure through the payment of dividends and raising of new capital as well as the issue of debt.

33. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	As at 31 December		
	2017	**2018**	**2019**
	US$'000	*US$'000*	*US$'000*
Financial assets			
Loans and receivables (including bank balances and cash)	234,041	–	–
Financial assets measured at amortised cost (including bank balances and cash)	–	252,469	186,356
	234,041	252,469	186,356
Financial liabilities			
Financial liabilities measured at amortised cost	267,801	257,993	87,140

(b) Financial risk management objectives and policies

The Target Group's major financial assets include trade and other receivables, amounts due from related parties, bank balances and cash which are derived directly from its operations. The Target Group's major financial liabilities include trade and other payables, amounts due to related parties, loans from shareholders, interest-bearing bank borrowings and lease liabilities. The main purpose of these financial liabilities is to finance the Target Group's operations. Details of these financial instruments are disclosed in respective notes. The risks associated with certain of these financial instruments include credit risk and liquidity risk and the policies on how to mitigate these risks are set out below.

The Target Group's activities expose it to a variety of financial risks: market risk (including interest rate risk and currency risk), credit risk and liquidity risk. The Target Group's overall risk management program focuses on robust liquidity management as well as monitoring of various relevant market variables, thereby consistently seeking to minimise potential adverse effects on the Target Group's financial performance.

The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Credit risk and impairment assessment

Risk management

Credit risk refers to the risk that the counterparty to a financial instrument would fail to discharge its obligation under the terms of the financial instrument and cause a financial loss to the Target Group. The Target Group's exposure to credit risk mainly arises from granting credit to customers in the ordinary course of its operations and its investing activities. The carrying amounts of the financial assets represent the maximum exposure to credit risk.

Carrying amounts of the financial assets presented in consolidated statements of financial position are net of impairment losses, if any. The Target Group minimises its exposure to the credit risk by rigorously selecting the counterparties, performing ongoing credit evaluation on the financial conditions of its debtors and tightly monitoring the ageing of the receivables. Follow–up actions are taken in case of overdue balances.

The credit risk on bank balances and cash is also limited because the Target Group's bank balances are all deposited with authorised financial institutions.

The Target Group trades only with recognised and creditworthy third parties. Before accepting any new customer, the Target Group assesses the potential customer's credit quality and defines its credit limits based on historical credit records of these customers. The Target Group does not hold any material collateral over trade and other receivable balances during the Track Record Period.

As at 31 December 2017, 2018 and 2019, the Target Group trades with a large number of individual customer. During the Track Record Period, the Target Group has concentration of credit risk with exposure limited to certain customers. Top five trade receivables which accounted for approximately 4.5%, 8.1% and 9.7% of the Target Group's total trade receivables during the Track Record Period, respectively. These top five trade receivables include reputable distributors with good past credit records with the Target Group. In order to minimise the credit risk, the management of the Target Group has delegated staff responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure follow-up action is taken to recover overdue debts. The management of the Target Group also performs periodic evaluations and customer visits to ensure the Target Group's exposure to bad debts is not significant and adequate impairment losses are made for irrecoverable amount. In this regard, the directors of the Target Company consider that the Target Group's credit risk is significantly reduced.

Impairment of financial assets

Impairment of financial assets from 1 January 2018

Trade receivables arising from contracts with customers of the Target Group are subject to the expected credit loss model. While other receivables and bank balances and cash are also subject to the impairment requirements of IFRS 9, the ECLs were immaterial.

For trade receivables, the Target Group uses nature of these debtors to assess the impairment because these customers consist of a large number of customers with common risk characteristics that are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms. The provision rates are based on historical settlement experience for each group of debtors and historical recoverability rate, which reflect the credit risk of each group of debtors with shared credit risk characteristics and are adjusted forward-looking information that is reasonable and supportable available without undue costs or effort. The groupings of various customer segments are also considered 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 grouping is regularly reviewed by management to ensure relevant information about specific debtors is updated.

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, trade receivables are written-off if past due for more than one year and are not subject to enforcement activity. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets as presented in the consolidated statements of financial position. The Target Group does not hold collateral as security. The letters of credit and other forms of credit insurance are considered integral part of trade receivables and considered in the calculation of impairment.

The following table provides information about the exposure to credit risk for trade receivables and amounts due from related parties/non-controlling interests which are assessed based on provision matrix as at 31 December 2018 and 31 December 2019 within lifetime ECLs. The carrying amounts for trade receivables and amounts due from related parties/non-controlling interests of the Target Group as at 1 January 2018 have not been impacted significantly by the initial application of IFRS 9 as the directors of the Target Company assessed that the allowances for ECLs on trade receivables and amounts due from related parties/non-controlling interests as at 1 January 2018 were immaterial.

On that basis, the loss allowance as at 31 December 2018 and 2019 was determined as follows for trade receivables and amounts due from related parties/non-controlling interests:

		Trade receivables		
Ageing based on due date	**Average loss rate**	**Gross carrying amount**	**Loss allowances**	**Net carrying amount**
	(%)	*US$'000*	*US$'000*	*US$'000*
As at 31 December 2018				
Not past due	0.00%	17,869	–	17,869
1-90 days past due	0.00%	10,187	–	10,187
91-180 days past due	9.23%	37,056	(3,421)	33,635
181-270 days past due	100.00%	56	(56)	–
Over 270 days	100.00%	572	(572)	–
		65,740	(4,049)	61,691
As at 31 December 2019				
Not past due	0.00%	17,553	–	17,553
1-90 days past due	0.00%	23,780	–	23,780
91-180 days past due	8.63%	39,203	(3,382)	35,821
181-270 days past due	100.00%	10	(10)	–
Over 270 days	100.00%	725	(725)	–
		81,271	(4,117)	77,154

		Amount due from related parties		
Ageing based on due date	Average loss rate	Gross carrying amount	Loss allowances	Net carrying amount
	(%)	*US$'000*	*US$'000*	*US$'000*
As at 31 December 2018				
Not past due	0.00%	123,590	–	123,590
As at 31 December 2019				
Not past due	0.00%	20,044	–	20,044

		Amount due from non-controlling interests		
Ageing based on due date	Average loss rate	Gross carrying amount	Loss allowances	Net carrying amount
	(%)	*US$'000*	*US$'000*	*US$'000*
As at 31 December 2018				
Not past due	0.00%	932	–	932
As at 31 December 2019				
Not past due	0.00%	6,841	–	6,841

Impairment of financial assets prior to 1 January 2018

As at 31 December 2017, trade receivables, which have been impaired previously, amounting to approximately US$3,494,000 were individually determined to be written off. These receivables have been long outstanding and management considered the recoverability of the balance is remote as the related customers have prolonged delay in repayment.

Included in the Target Group's trade receivables were debtors with aggregate net carrying amount of approximately US$69,124,000 as at 31 December 2017, which were past due as at 31 December 2017 for which the Target Group has not provided for impairment loss because the Target Group believes that the amounts are still recoverable as there has not been a significant deterioration in credit quality of these customers and there are continuing subsequent settlements. Trade receivables that were neither past due nor impaired related to customers for whom there were no recent history of default.

The movement of allowance for doubtful debts in respect of trade receivables is as follows:

	Trade receivables
	US$'000
As at 1 January 2017	3,010
Net impairment loss during the year – calculated under IAS 39 *(Note 16)*	484
As at 31 December 2017 – calculated under IAS 39	3,494

Liquidity risk

In the management of the liquidity risk, the Target Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management of the Target Group to finance the Target Group's operations and mitigate the effects of fluctuations in cash flows.

The following table details the Target Group's remaining contractual maturity for its financial liabilities based on the aged repayment terms. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Target Group can be required to pay.

	Weighted average of contractual interest rate	**Less than 1 year or on demand**	**Over 1 year but within 5 years**	**Over 5 years**	**Total undiscounted cash flow**	**Carrying amount**
	% per annum	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
As at 31 December 2017						
Trade and other payables and accruals	N/A	54,447	273	–	54,720	54,720
Loans from shareholders	N/A	19,757	–	–	19,757	19,757
Interest-bearing bank borrowings	LIBOR + 5%	37,796	203,657	–	241,453	170,000
Amounts due to related parties	N/A	11,545	–	–	11,545	11,545
		123,545	203,930	–	327,475	256,022
As at 31 December 2018						
Trade and other payables and accruals	N/A	59,844	118	–	59,962	59,962
Loans from shareholders	N/A	20,269	–	–	20,269	20,269
Interest-bearing bank borrowings	LIBOR + 5%	38,862	173,477	–	212,339	153,000
Amounts due to related parties	N/A	12,352	–	–	12,352	12,352
		131,327	173,595	–	304,922	245,583
As at 31 December 2019						
Trade and other payables and accruals	N/A	67,021	399	–	67,420	67,420
Loans from shareholders	N/A	9,671	–	–	9,671	9,671
Amounts due to related parties	N/A	4,288	–	–	4,288	4,288
Lease liabilities	N/A	148	545	753	1,446	1,130
		81,128	944	753	82,825	82,509

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises two types of risk: interest rate risk and currency risk. Financial instruments affected by market risk include loans and borrowings, deposits and debts.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Target Group's exposure to the risk of changes in market interest rates related primarily to the Target Group's interest-bearing bank borrowings and cash and cash equivalents at floating interest rates. The Target Group currently does not have an interest rate hedging policy and will continue to monitor the interest rate exposure. As at 31 December 2019, there were no bank borrowings outstanding.

Interest rate profile

The following table details interest rate analysis of the Target Group to evaluate its interest rate risk:-

	Interest rate	Amount
	% per annum	*US$'000*
As at 31 December 2017		
Floating rate bank borrowings	LIBOR + 5%	170,000
Floating rate cash and cash equivalents	0.00% to 3.11%	32,555
As at 31 December 2018		
Floating rate bank borrowings	LIBOR + 5%	153,000
Floating rate cash and cash equivalents	0.00% to 3.04%	58,356
As at 31 December 2019		
Floating rate bank borrowings	N/A	–
Floating rate cash and cash equivalents	0.00% to 3.00%	67,485

The following table illustrates the sensitivity of the Target Group's profit before income tax and retained earnings to a possible change in interest rates of +/-0.5% with effect for the beginning of the Track Record Period. The calculations are based on the Target Group's interest-bearing bank borrowings and cash and cash equivalents held at each of the reporting date. All other variables are held constant.

	Increase/ (decrease) in profit before income tax and retained earnings
	US$'000
As at 31 December 2017	
+0.5%	(55)
–0.5%	55
As at 31 December 2018	
+0.5%	(126)
–0.5%	126

The assumed changes in interest rates are considered to be reasonably possible based on observation of current market conditions and represents the management's assessment of a reasonably possible change in interest rate over the period until the next reporting date.

The Target Group manages interest rate risk by monitoring its interest rate profile regularly. The directors of the Target Company consider the policies to manage interest rate risk have been followed by the Target Group and are considered to be effective.

The Target Group's bank balances have exposure to cash flow interest rate risk due to the fluctuation of the prevailing market interest rate on bank balances (see Note 18 for details) at the end of each Track Record Period. The management considers the Target Group's exposure of the bank balances to interest rate risk is not significant as interest-bearing bank balances are within short maturity period.

Currency risk

The Target Group has certain balances denominated in SAR, EPG or TRL other than the functional currency of the Target Company, which expose the Target Group to foreign currency risks. The Target Group manages its foreign currency risk by closely monitoring the movement of the foreign currency rates. The Target Group does not hold or issue any derivative financial instruments for trading purposes or to hedge against fluctuations in foreign exchange rates.

The following table demonstrates the sensitivity to a reasonably possible change in US$ exchange rate, with all other variables held constant. The impact on the Target Group's profit before income tax is due to changes in the fair value of monetary assets and liabilities. Since SAR is pegged to US$, the relevant foreign currency risk is minimal. Accordingly, their fluctuation is excluded from the sensitivity analysis. The Target Group's exposure to foreign currency changes for all other currencies is not material.

	Change in US$ exchange rates	**Effect on profit before income tax**
	%	*US$'000*
For the year ended 31 December 2017	+10%	(4,069)
For the year ended 31 December 2019	+10%	(1,423)
For the year ended 31 December 2018	+10%	(1,067)

(c) Fair value

The fair value of financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The directors of the Target Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised costs in the consolidated statements of financial position approximate their fair values.

34. DIVIDEND

	Year ended 31 December		
	2017	**2018**	**2019**
	US$'000	*US$'000*	*US$'000*
Interim dividend declared and paid	21,240	9,863	3,200
Final dividend declared and paid	–	77	–
	21,240	9,940	3,200

The rates of dividends and the number of shares ranking for dividends are not presented as such information is not meaningful having regard to the purpose of this Historical Financial Information.

35. STATEMENTS OF FINANCIAL POSITION OF THE TARGET COMPANY

		As at 31 December		
		2017	2018	2019
	Notes	*US$'000*	*US$'000*	*US$'000*
ASSETS AND LIABILITIES				
Non-current asset				
Interests in subsidiaries		3,838	3,838	111,670
Current assets				
Amounts due from related parties	*17*	110,000	109,752	21,671
Cash and cash equivalents	*18*	11,586	12,440	11,690
		121,586	122,192	33,361
Current liabilities				
Amount due to a subsidiary	*17*	–	–	8,268
Interest-bearing bank borrowings	*22*	17,000	17,000	–
		17,000	17,000	8,268
Net current assets		104,586	105,192	25,093
Total assets less current liabilities		108,424	109,030	136,763
Non-current liability				
Interest-bearing bank borrowings	*22*	153,000	136,000	–
Net (liabilities)/assets		(44,576)	(26,970)	136,763
CAPITAL AND RESERVES				
Share capital	*26*	-*	-*	138,878
Reserves	*27*	(44,576)	(26,970)	(2,115)
(Capital deficiency)/total equity		(44,576)	(26,970)	136,763

* Amount less than US$1,000

36. CONTINGENT LIABILITIES

As at 31 December 2017, 2018 and 2019, the Target Group has no material contingent liabilities.

37. EVENT AFTER THE REPORTING PERIOD

Since 31 December 2019, the spread of COVID-19 has severely impacted many local economies around the globe. The effects of COVID-19 virus to the global economy include effect to economic growth, decline in capital markets, increase in credit risk, depreciation of foreign currency exchange rates and disruption of business operation. Nevertheless, since the Target Group's main operation is on basic food industry, the management is of the opinion that there is no significant impact to the operational activities of the Target Group. The Target Group also has been closely monitoring the impact of the development of the Target Group's businesses, including the supply chain and resourcing of raw materials.

Save as aforesaid, there are no other material subsequent events undertaken by the Target Group after 31 December 2019.

38. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements of the Target Group have been prepared in respect of any period subsequent to 31 December 2019 and up to the date of this report.

A. UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

The following unaudited pro forma financial information of the Enlarged Group ("Unaudited Pro Forma Financial Information") has been prepared by the Directors in accordance with Paragraphs 4.29 of the Listing Rules for the purpose of illustrating the effect of the proposed acquisition on (i) the Group's financial position as at 31 December 2019 as if the Proposed Acquisition had been completed on 31 December 2019, and (ii) the Group's financial performance and cash flows for the year ended 31 December 2019 as if the Proposed Acquisition had been completed on 1 January 2019.

The Unaudited Pro Forma Financial Information is prepared based on a number of assumptions, estimations and uncertainties. Because of its hypothetical nature, it may not give a true picture of (i) the financial position of the Enlarged Group had the Proposed Acquisition been completed on 31 December 2019, and (ii) the results and cash flows of the Enlarged Group had the Proposed Acquisition been completed on 1 January 2019; or at any future dates. The Unaudited Pro Forma Financial Information does not purport to predict the future financial position, results or cash flows of the Enlarged Group.

The unaudited pro forma consolidated statement of financial position of the Enlarged Group as at 31 December 2019 is prepared based on (i) the consolidated statement of financial position of the Group as at 31 December 2019 extracted from the published annual report of the Company for the year ended 31 December 2019; and (ii) the consolidated statement of financial position of the Pinehill Group as at 31 December 2019 extracted from the Accountant's Report of the Pinehill Group set out in Appendix III to this Circular, after making pro forma adjustments described in the accompanying notes which are directly attributable to the Proposed Acquisition, as if the Proposed Acquisition had completed on 31 December 2019.

The unaudited pro forma consolidated income statement and unaudited pro forma consolidated statement of cash flows of the Enlarged Group for the year ended 31 December 2019 are prepared based on (i) the consolidated income statement and the consolidated statement of cash flows of the Group for the year ended 31 December 2019 extracted from the published annual report of the Company for the year ended 31 December 2019; and (ii) the consolidated statement of comprehensive income and the consolidated statement of cash flows of the Pinehill Group for the year ended 31 December 2019 extracted from the Accountant's Report of the Pinehill Group set out in Appendix III to this Circular, after making pro forma adjustments described in the accompanying notes which are directly attributable to the Proposed Acquisition, as if the Proposed Acquisition had completed on 1 January 2019.

The Unaudited Pro Forma Financial Information should be read in conjunction with the historical financial information of the Group set out in the published annual report of the Company for the year ended 31 December 2019, the Accountant's Report of the Pinehill Group set out in Appendix III to this Circular, and other financial information included elsewhere in this Circular.

B. UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2019	The Group	The Pinehill Group	Pro forma adjustments				The Enlarged Group
	Note 1	*Note 2*	*Note 3*	*Note 4*	*Note 5*	*Note 6*	
	US$ millions	*US$ millions*	*US$ millions*	*US$ millions*	*US$ millions*	*US$ millions*	*US$ millions*
Non-current assets							
Property, plant and equipment	4,938.7	59.6	–	–	32.4	–	5,030.7
Biological assets	22.6	–	–	–	–	–	22.6
Associated companies and joint ventures	4,787.7	48.5	–	–	394.9	–	5,231.1
Goodwill	693.2	–	–	–	3,645.1	–	4,338.3
Other intangible assets	5,004.7	–	–	–	–	–	5,004.7
Investment properties	13.4	–	–	–	–	–	13.4
Accounts receivable, other receivables and prepayments	37.4	–	–	–	–	–	37.4
Financial assets at fair value through other comprehensive income	385.9	–	–	–	–	–	385.9
Deferred tax assets	156.4	1.0	–	–	–	–	157.4
Other non-current assets	819.9	3.2	–	–	–	–	823.1
	16,859.9	112.3	–	–	4,072.4	–	21,044.6
Current assets							
Cash and cash equivalents and short-term deposits	2,846.4	67.5	2,011.1	–	(2,348.0)	(3.4)	2,573.6
Restricted cash	106.0	–	–	–	–	–	106.0
Financial assets at fair value through other comprehensive income	9.9	–	–	–	–	–	9.9
Accounts receivable, other receivables and prepayments	1,070.7	128.5	–	(31.3)	–	–	1,167.9
Inventories	799.0	47.9	–	–	–	–	846.9
Biological assets	52.0	–	–	–	–	–	52.0
	4,884.0	243.9	2,011.1	(31.3)	(2,348.0)	(3.4)	4,756.3
Assets classified as held for sale	138.6	–	–	–	–	–	138.6
	5,022.6	243.9	2,011.1	(31.3)	(2,348.0)	(3.4)	4,894.9

As at 31 December 2019	The Group	The Pinehill Group		Pro forma adjustments			The Enlarged Group
	Note 1	*Note 2*	*Note 3*	*Note 4*	*Note 5*	*Note 6*	
	US$ millions	*US$ millions*	*US$ millions*	*US$ millions*	*US$ millions*	*US$ millions*	*US$ millions*
Current liabilities							
Accounts payable, other payables and accruals	1,569.3	71.3	–	(31.3)	–	–	1,609.3
Short-term borrowings	2,262.8	–	–	–	–	–	2,262.8
Provision for taxation	97.3	16.9	–	–	–	–	114.2
Current portion of deferred liabilities, provisions and payables	542.5	9.8	–	–	–	–	552.3
	4,471.9	98.0	–	(31.3)	–	–	4,538.6
Liabilities directly associated with the assets classified as held for sale	25.4	–	–	–	–	–	25.4
	4,497.3	98.0	–	(31.3)	–	–	4,564.0
Net current assets	525.3	145.9	2,011.1	–	(2,348.0)	(3.4)	330.9
Total assets less current liabilities	17,385.2	258.2	2,011.1	–	1,724.4	(3.4)	21,375.5
Equity							
Issued share capital	43.4	138.9	–	–	(138.9)	–	43.4
Shares held for share award scheme	(3.2)	–	–	–	–	–	(3.2)
Retained earnings	1,401.4	82.7	–	–	(82.7)	(2.3)	1,399.1
Other components of equity	1,487.1	(47.3)	–	–	47.3	–	1,487.1
Equity attributable to owners of the parent	2,928.7	174.3	–	–	(174.3)	(2.3)	2,926.4
Non-controlling interests	5,829.3	72.0	–	–	1,241.7	(1.1)	7,141.9
Total equity	8,758.0	246.3	–	–	1,067.4	(3.4)	10,068.3
Non-current liabilities							
Long-term borrowings	6,668.0	–	2,011.1	–	–	–	8,679.1
Deferred liabilities, provisions and payables	1,535.3	11.1	–	–	650.0	–	2,196.4
Deferred tax liabilities	423.9	0.8	–	–	7.0	–	431.7
	8,627.2	11.9	2,011.1	–	657.0	–	11,307.2
	17,385.2	258.2	2,011.1	–	1,724.4	(3.4)	21,375.5

C. UNAUDITED PRO FORMA CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2019	The Group	The Pinehill Group	Pro forma adjustments					The Enlarged Group
	Note 1	*Note 2*	*Note 3*	*Note 4*	*Note 6*	*Note 7*	*Note 8*	*Note 9*
	US$ millions	*US$ millions*	*US$ millions*	*US$ millions*	*US$ millions*	*US$ millions*	*US$ millions*	*US$ millions*
Turnover	8,054.7	533.5	–	(117.4)	–	–	–	8,470.8
Cost of sales	(5,606.4)	(305.3)	–	134.0	–	–	–	(5,777.7)
Gross profit	2,448.3	228.2	–	16.6	–	–	–	2,693.1
Selling and distribution expenses	(606.2)	(60.1)	–	–	–	–	–	(666.3)
Administrative expenses	(673.2)	(22.4)	–	–	(3.4)	–	–	(699.0)
Other operating (expenses)/income, net	(524.3)	1.3	–	(16.6)	–	–	–	(539.6)
Interest income	85.7	0.4	–	–	(4.2)	–	–	81.9
Finance costs	(477.4)	(34.6)	(56.0)	–	–	34.5	–	(533.5)
Share of profits less losses of associated companies and joint ventures	335.1	12.2	–	–	–	–	–	347.3
Profit before taxation	588.0	125.0	(56.0)	–	(7.6)	34.5	–	683.9
Taxation	(466.9)	(23.0)	14.0	–	(18.2)	–	–	(494.1)
Profit for the year	121.1	102.0	(42.0)	–	(25.8)	34.5	–	189.8
(Loss)/profit for the year attributable to:								
Owners of the parent	(253.9)	43.2	(16.9)	–	(11.3)	34.5	(46.4)	(250.8)
Non-controlling interests	375.0	58.8	(25.1)	–	(14.5)	–	46.4	440.6
	121.1	102.0	(42.0)	–	(25.8)	34.5	–	189.8
Recurring profit	290.0	77.6	(16.9)	–	(11.3)	–	(46.4)	293.0

D. UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2019	The Group	The Pinehill Group	Pro forma adjustments				The Enlarged Group
	Note 1	*Note 2*	*Note 3*	*Note 5*	*Note 6*	*Note 7*	
	US$ millions	*US$ millions*	*US$ millions*	*US$ millions*	*US$ millions*	*US$ millions*	*US$ millions*
Profit Before Taxation	588.0	125.0	(56.0)	–	(7.6)	34.5	683.9
Adjustments for:							
Provisions for impairment losses	867.3	1.2	–	–	–	–	868.5
Finance costs	477.4	34.6	56.0	–	–	(34.5)	533.5
Depreciation	404.4	5.5	–	–	–	–	409.9
Loss on disposal of a joint venture	308.3	–	–	–	–	–	308.3
Amortization of other intangible assets	128.8	–	–	–	–	–	128.8
Provision for onerous contracts, net	3.2	–	–	–	–	–	3.2
Employee share-based compensation benefit expenses	3.2	–	–	–	–	–	3.2
Gain on deconsolidation of a subsidiary company	(621.0)	–	–	–	–	–	(621.0)
Share of profits less losses of associated companies and joint ventures	(335.1)	(12.2)	–	–	–	–	(347.3)
Interest income	(85.7)	(0.4)	–	–	4.2	–	(81.9)
Gain on changes in fair value of biological assets	(13.5)	–	–	–	–	–	(13.5)
Gain on disposal of an associated company	(6.3)	–	–	–	–	–	(6.3)
Gain on disposal of assets classified as held for sale	(2.9)	–	–	–	–	–	(2.9)
Gain on sale of property, plant and equipment	(0.7)	–	–	–	–	–	(0.7)
Others	7.7	–	–	–	–	–	7.7
	1,723.1	153.7	–	–	(3.4)	–	1,873.4
Increase in accounts payable, other payables and accruals	168.0	7.6	–	–	–	–	175.6
Decrease/(increase) in inventories	149.7	(15.1)	–	–	–	–	134.6
Decrease/(increase) in accounts receivable, other receivables and prepayments	66.0	(26.5)	–	–	–	–	39.5
Increase in other non-current assets	(12.1)	–	–	–	–	–	(12.1)
Net cash generated from operations	2,094.7	119.7	–	–	(3.4)	–	2,211.0
Interest received	88.5	0.4	–	–	(4.2)	–	84.7
Interest paid	(417.5)	(34.6)	(48.6)	–	–	–	(500.7)
Taxes paid	(310.2)	(16.0)	–	–	–	–	(326.2)
Net Cash Flows From Operating Activities	1,455.5	69.5	(48.6)	–	(7.6)	–	1,468.8

For the year ended 31 December 2019	The Group	The Pinehill Group	Pro forma adjustments				The Enlarged Group
	Note 1	*Note 2*	*Note 3*	*Note 5*	*Note 6*	*Note 7*	
	US$ millions	*US$ millions*	*US$ millions*	*US$ millions*	*US$ millions*	*US$ millions*	*US$ millions*
Proceeds from disposal of a subsidiary company	430.2	–	–	–	–	–	430.2
Proceeds from disposal of financial assets at fair value through other comprehensive income	306.3	–	–	–	–	–	306.3
Proceeds from disposal of a joint venture	275.0	–	–	–	–	–	275.0
Dividends received from associated companies and a joint venture	265.2	5.3	–	–	–	–	270.5
Proceeds from instalment payments for disposal of a subsidiary company	47.6	–	–	–	–	–	47.6
Proceeds from disposal of property, plant and equipment	18.8	–	–	–	–	–	18.8
Proceeds from disposal of an associated company	16.7	–	–	–	–	–	16.7
Dividends received from financial assets at fair value through other comprehensive income	5.5	–	–	–	–	–	5.5
Investments in other intangible assets	(942.2)	–	–	–	–	–	(942.2)
Payments for purchases of property, plant and equipment	(421.1)	(12.0)	–	–	–	–	(433.1)
Increase in time deposits with original maturity of more than three months	(183.0)	–	–	–	–	–	(183.0)
Increased investments in joint ventures	(69.8)	–	–	–	–	–	(69.8)
Instalment payment for acquisition of a subsidiary company	(47.5)	–	–	–	–	–	(47.5)
Investments in biological assets	(13.2)	–	–	–	–	–	(13.2)
Advances to a joint venture	(10.7)	–	–	–	–	–	(10.7)
Increased investments in associated companies	(7.7)	–	–	–	–	–	(7.7)
Increase in restricted cash	(2.8)	–	–	–	–	–	(2.8)
Acquisitions of financial assets at fair value through other comprehensive income	(0.8)	–	–	–	–	–	(0.8)
Acquisitions of subsidiary companies	(0.2)	–	–	(2,348.0)	–	–	(2,348.2)
Arising from restructuring	–	(87.1)	–	–	–	–	(87.1)
Net Cash Flows Used in Investing Activities	(333.7)	(93.8)	–	(2,348.0)	–	–	(2,775.5)

For the year ended 31 December 2019	The Group	The Pinehill Group		Pro forma adjustments			The Enlarged Group
	Note 1	*Note 2*	*Note 3*	*Note 5*	*Note 6*	*Note 7*	
	US$ millions	*US$ millions*	*US$ millions*	*US$ millions*	*US$ millions*	*US$ millions*	*US$ millions*
Proceeds from new bank borrowings and other loans	4,078.5	250.0	2,011.1	–	–	–	6,339.6
Capital contributions from non-controlling shareholders	82.7	–	–	–	–	–	82.7
Loans from non-controlling shareholders	5.8	–	–	–	–	–	5.8
Proceeds from shares issued to non-controlling shareholders by subsidiary companies	2.4	–	–	–	–	–	2.4
Proceeds from the issue of shares under a long-term incentive plan	1.1	–	–	–	–	–	1.1
Issuance of shares	–	138.9	–	–	–	–	138.9
Advances from related parties	–	95.7	–	–	–	–	95.7
Repayments of bank borrowings and other loans	(3,849.4)	(403.0)	–	–	–	–	(4,252.4)
Dividends paid to non-controlling shareholders by subsidiary companies	(235.1)	(34.9)	–	–	–	–	(270.0)
Increased investments in subsidiary companies	(98.0)	–	–	–	–	–	(98.0)
Distributions paid to shareholders	(66.6)	(3.2)	–	–	–	–	(69.8)
Payments for concession fees payables	(32.4)	–	–	–	–	–	(32.4)
Principal portion of lease payments	(20.0)	(0.1)	–	–	–	–	(20.1)
Payments for purchase and subscription of shares under a long-term incentive plan	(3.1)	–	–	–	–	–	(3.1)
Repurchase of a subsidiary company's shares	(0.1)	–	–	–	–	–	(0.1)
Repayment of loans from shareholders	–	(10.6)	–	–	–	–	(10.6)
Net Cash Flows From/(Used in) Financing Activities	(134.2)	32.8	2,011.1	–	–	–	1,909.7
Net Increase in Cash and Cash Equivalents	987.6	8.5	1,962.5	(2,348.0)	(7.6)	–	603.0
Cash and cash equivalents at 1 January	1,613.4	58.4	–	–	–	–	1,671.8
Exchange translation	49.8	0.6	–	–	–	–	50.4
Cash and Cash Equivalents at 31 December	2,650.8	67.5	1,962.5	(2,348.0)	(7.6)	–	2,325.2

For the year ended 31 December 2019	The Group	The Pinehill Group		Pro forma adjustments			The Enlarged Group
	Note 1	*Note 2*	*Note 3*	*Note 5*	*Note 6*	*Note 7*	
	US$ millions	*US$ millions*	*US$ millions*	*US$ millions*	*US$ millions*	*US$ millions*	*US$ millions*
Representing							
Cash and cash equivalents and short-term deposits as stated in the consolidated statement of financial position	2,846.4	67.5	1,962.5	(2,348.0)	(7.6)	–	2,520.8
Less: bank overdrafts	(1.3)	–	–	–	–	–	(1.3)
Less: short-term deposits and time deposits with original maturity of more than three months	(194.3)	–	–	–	–	–	(194.3)
Cash and Cash Equivalents at 31 December	2,650.8	67.5	1,962.5	(2,348.0)	(7.6)	–	2,325.2

E. NOTES TO THE UNAUDITED PRO FORMA FINANCIAL INFORMATION

1. The amounts are extracted from the audited consolidated financial statements of the Group set out in the published annual report of the Company for the year ended 31 December 2019.

2. The amounts are extracted from the Accountant's Report of the Pinehill Group set out in Appendix III to this Circular.

3. The adjustment represents the financing for the Proposed Acquisition. Pursuant to the Agreement dated 22 May 2020, ICBP has conditionally agreed to acquire the entire issued share capital of Pinehill for a consideration of US$2,998 million (approximately HK$23.4 billion). The completion of the Proposed Acquisition is dependent on the fulfilment of a number of conditions, among others, the approval from the independent shareholders of the Company. The consideration of US$2,998 million (approximately HK$23.4 billion) is assumed to be satisfied by cash of US$300 million (approximately HK$2,340 million), Retention Amount of US$650 million (approximately HK$5,070 million) and bank borrowings of US$2.05 billion (approximately HK$16.0 billion).

   For the purpose of pro forma consolidated statement of financial position, ICBP would borrow additional net loans of US$2,011.1 million (approximately HK$15,686.6 million) (being gross borrowings of US$2.05 billion (approximately HK$16.0 billion) net of upfront fee of US$36.9 million (approximately HK$287.8 million)) as if the Proposed Acquisition had completed on 31 December 2019.

   For the purpose of pro forma consolidated income statement, ICBP would incur additional finance costs of US$56.0 million (approximately HK$436.8 million) for the year ended 31 December 2019 as if the Proposed Acquisition had completed on 1 January 2019.

4. The adjustment represents the consolidation adjustments to eliminate the intercompany balances and transactions recorded between the Group and the Pinehill Group.

   For the purpose of pro forma consolidated statement of financial position, the Group's account receivables of US$31.3 million (approximately HK$244.1 million) and the Pinehill Group's account payables of US$18.3 million (approximately HK$142.7 million) and accrued expenses of US$13.0 million (approximately HK$101.4 million) as at 31 December 2019 were eliminated as if the Proposed Acquisition had completed on 31 December 2019.

For the purpose of pro forma consolidated income statement, revenue of US$117.4 million (approximately HK$915.7 million) of the Group arising from the sales of ingredients, seasonings and packaging materials used for instant noodle products to the Pinehill Group and other operating income of US$16.6 million (approximately HK$129.5 million) of the Group arising from the grants of "Indomie" licence and provision of technical services to the Pinehill Group were eliminated against cost of sales of US$134.0 million (approximately HK$1,045.2 million) of the Pinehill Group as if the Proposed Acquisition had completed on 1 January 2019.

5. The adjustment represents the consolidation adjustments to eliminate the pre-acquisition reserves of the Pinehill Group and record the provisional goodwill in the Pinehill Group as if the Proposed Acquisition had completed on 31 December 2019.

The identifiable assets and liabilities of the Pinehill Group acquired by the Group will be accounted for in the consolidated financial statements of the Enlarged Group at fair values under acquisition accounting in accordance with HKFRS 3 (Revised) *Business Combinations* issued by the HKICPA.

For the purpose of the Unaudited Pro Forma Financial Information, the fair values of the identifiable assets and liabilities of the Pinehill Group approximate to their carrying amounts as at 31 December 2019, with the exception of property, plant and equipment, as follows:

In US$ millions	**Fair values**	**Carrying amounts**	**Fair value increments**
Property, plant and equipment	92.0	59.6	32.4

The calculation of provisional goodwill is as follows:

			US$ millions
Total considerations			2,998.0
Less:	Net identifiable assets acquiried:		
	– Pinehill Group's net assets as at 31 December 2019	(246.3)	
	– Fair value increments	(32.4)	(278.7)
Add:	Deferred tax liabilities related to the fair value increments		7.0
	Fair value of Pinehill Group's non-controlling interests		1,313.7
			1,042.0
Excess of the aggregate of the consideration transferred over the share of net identifiable assets acquired by the Group			4,040.0
Allocated to:			
– Goodwill			3,645.1
– Associated company			394.9
			4,040.0

The consideration of US$2,998 million (approximately HK$23.4 billion) is assumed to be satisfied by cash of US$300 million (approximately HK$2,340 million), Retention Amount of US$650 million (approximately HK$5,070 million) and bank borrowings of US$2.05 billion (approximately HK$16.0 billion).

As the purchase price allocation and the fair values of the identifiable assets and liabilities had not yet been finalised as at the date of this Circular, the amounts of identifiable assets and liabilities to be recognised upon the completion of the Proposed Acquisition are subject to change, and the amounts may be different from those currently presented in the Unaudited Pro Forma Financial Information. Separately identifiable intangible assets (if any) were treated as goodwill and not accounted for separately in the Unaudited Pro Forma Financial Information. Actual goodwill will be determined based on fair values of the identifiable assets and liabilities of the Pinehill Group at the actual completion date. When the actual transaction take place, different fair value or additional intangible assets may be identified which consequently may result in a financial effect which is materially different from the above.

The Group's accounting policies for goodwill are in accordance with the applicable accounting standards. 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. 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. The Group performs its annual impairment test of goodwill as at 31 December. 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, or groups of cash-generating units, 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 groups of units.

The Directors confirm that the basis used in the preparation of the Unaudited Pro Forma Financial Information is consistent with the accounting policies of the Group. The Group will adopt accounting policies for goodwill, save for compliance to any new or revised HKFRSs that would be issued by the HKICPA, to perform impairment test of the Enlarged Group's goodwill during the future accounting periods of the Enlarged Group. If the goodwill allocated to a cash-generating unit was acquired in a business combination during the current annual period, that unit will be tested for impairment before the end of the current annual period. The Directors consider that the Group's accounting treatment and principal assumptions used to assess the impairment of such goodwill will be the same as other acquisitions of similar nature. To the best knowledge of the Directors, the Group's independent auditors will conduct the audit in accordance with applicable Hong Kong Standards on Auditing issued by the HKICPA to perform the impairment assessment of the Enlarged Group's goodwill during the future annual audit of the Enlarged Group.

For the purpose of the Unaudited Pro Forma Financial Information, the Group has assessed if there is any impairment indication of the goodwill arising from the Proposed Acquisition in accordance with HKAS 36 *Impairment of Assets* which is consistent with the Group's accounting policies. The Directors are of the view that, after performing the impairment assessment, there is no impairment indication of the goodwill arising from the Proposed Acquisition as set out in the Unaudited Pro Forma Financial Information.

6. The adjustment represents (i) the estimated transaction costs of approximately US$3.4 million (approximately HK$26.5 million) incurred by the Group in connection with the Proposed Acquisition, (ii) lower interest income of US$4.2 million (approximately HK$32.8 million) as a result of cash paid of US$300 million (approximately HK$2,340 million), and (iii) corresponding tax impacts for the year ended 31 December 2019 arising from the withholding tax on dividend assumed to be paid by the Pinehill Group and tax credits arising from estimated transaction costs incurred as a result of the Proposed Acquisition. The estimated transaction costs, lower interest income and corresponding tax impacts are recognised in the pro forma consolidated income statement and the pro forma consolidated statement of cash flows as if the Proposed Acquisition had completed on 1 January 2019.

   For the purpose of pro forma consolidated statement of financial position, only the estimated transaction costs of US$3.4 million (approximately HK$26.5 million) was assumed to be paid as if the Proposed Acquisition had completed on 31 December 2019.

   This adjustment on transaction costs is not expected to have continuing effect on the Enlarged Group's consolidated statement of financial position, consolidated income statement and consolidated statement of cash flows.

7. The adjustment represents the adjustment to the Pinehill Group's finance costs on its bank borrowings which is not directly related to its operations. The bank borrowings were fully repaid on 17 December 2019 as part of the Pinehill Group restructuring.

   For the purpose of pro forma consolidated income statement and the consolidated statement of cash flows, finance costs of US$34.5 million (approximately HK$269.1 million) were reversed as if the bank borrowings of Pinehill Group were fully repaid on 1 January 2019. This adjustment is not expected to have continuing effect on the Enlarged Group's consolidated income statement.

8. The adjustment represents the consolidation adjustment to re-allocate the profit of the Pinehill Group for the year ended 31 December 2019 to non-controlling interests of Indofood and ICBP.

9. If the Proposed Acquisition had been completed on 1 January 2019, the pro forma recurring profit of the Enlarged Group for the year ended 31 December 2019 would have been increased to US$293.0 million (approximately HK$2,285.4 million) from US$290.0 million (approximately HK$2,262.0 million). The pro forma loss of the Enlarged Group for the year ended 31 December 2019 attributable to the owners of the Company would have been improved to US$250.8 million (approximately HK$1,956.2 million) from US$253.9 million (approximately HK$1,980.4 million).

   If the Guaranteed Profit of US$128.5 million (approximately HK$1,002.3 million) is met by the Pinehill Group for the year ended 31 December 2019 instead of recurring profit of US$77.6 million (approximately HK$605.3 million), the pro forma recurring profit of the Enlarged Group would have been increased to US$313.5 million (approximately HK$2,445.3 million) from US$290.0 million (approximately HK$2,262.0 million). If the Guaranteed Profit of US$128.5 million (approximately HK$1,002.3 million) is met by the Pinehill Group for the year ended 31 December 2019 instead of net profit of US$43.2 million (approximately HK$337.0 million), the pro forma loss of the Enlarged Group for the year ended 31 December 2019 attributable to the owners of the Company would have been improved to US$216.4 million (approximately HK$1,687.9 million) from US$253.9 million (approximately HK$1,980.4 million).

F. INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of a report received from Ernst & Young, Certified Public Accountants, Hong Kong, the reporting accountants of the Company, in respect of the Group's unaudited pro forma financial information prepared for the purpose of incorporation in this circular.

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

EY 安永

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

To the Directors of First Pacific Company Limited

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of First Pacific Company Limited (the "**Company**") and its subsidiaries (hereinafter collectively referred to as the "**Group**") by the directors of the Company (the "**Directors**") for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma consolidated statement of financial position as at 31 December 2019, the unaudited pro forma consolidated income statement and the unaudited pro forma consolidated statement of cash flows for the year ended 31 December 2019 and related notes as set out on pages IV-1 to IV-13 of the circular dated 23 June 2020 (the "**Circular**") issued by the Company (the "**Unaudited Pro Forma Financial Information**"). The applicable criteria on the basis of which the Directors have compiled the Unaudited Pro Forma Financial Information are described on pages IV-1 to IV-13.

The Unaudited Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the proposed acquisition of the entire issued share capital of Pinehill Company Limited by PT Indofood CBP Sukses Makmur Tbk (the "**Proposed Acquisition**") on the Group's financial position as at 31 December 2019 and the Group's financial performance and cash flows for the year ended 31 December 2019 as if the Proposed Acquisition had taken place at 31 December 2019 and 1 January 2019, respectively. As part of this process, information about the Group's financial position has been extracted by the Directors from the Group's financial statements for the year ended 31 December 2019, on which an auditor's report has been published.

Directors' responsibility for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and with reference to Accounting Guideline ("**AG**") 7 *Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**").

Our independence and quality control

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Control 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements*, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting accountants' responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus* issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

The purpose of the Unaudited Pro Forma Financial Information included in the Circular is solely to illustrate the impact of the Proposed Acquisition on unadjusted financial information of the Group as if the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the transaction would have been as presented.

A reasonable assurance engagement to report on whether the Unaudited Pro Forma Financial Information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the Unaudited Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the transaction, and to obtain sufficient appropriate evidence about whether:

- the related unaudited pro forma adjustments give appropriate effect to those criteria; and
- the Unaudited Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the transaction in respect of which the Unaudited Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Unaudited Pro Forma Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

(a) the Unaudited Pro Forma Financial Information has been properly compiled on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purpose of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Yours faithfully,

Ernst & Young
Certified Public Accountants
Hong Kong

23 June 2020

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

(a) Directors' and chief executive's interests and short positions in the securities of the Company and its associated corporations

As at the Latest Practicable Date, the interests or short positions of each Director and chief executive of the Company in the shares, debentures or underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) (a) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he or she was taken or deemed to have under such provisions of the SFO); or (b) which were required, pursuant to section 352 of the SFO, to be entered in the register maintained by the Company referred to therein; or (c) which were otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as adopted by the Company (the "**Model Code**") were as follows:

(I) Long positions in securities of 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	2,088,652 (P)(vi)	0.05	–
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 (the "**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 included Mr. Pickerell's interests in 957,000 awarded shares granted pursuant to the Share Award Scheme which remain unvested.

(II) Long positions in securities of associated corporations

- Manuel V. Pangilinan owned 31,342,404 common shares[(P)] (0.10%)* in Metro Pacific Investments Corporation ("**MPIC**"), 263,494 common shares[(P)] (0.12%)* in PLDT Inc. ("**PLDT**") as beneficial owner and a further 15,417 common shares (less than 0.01%)* in PLDT as nominee, 4,655,000 common shares[(P)] (0.09%)* in Philex Mining Corporation, 1,603,465 common shares[(P)] (0.08%)* in PXP Energy Corporation, 50,000 common shares[(P)] (less than 0.01%)* in Manila Electric Company, as well as 61,547 common shares[(P)] (less than 0.01%)* in Roxas Holdings, Inc. ("**RHI**").

- Christopher H. Young owned 54,313 common shares[(P)] (0.02%)* in PLDT and 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 1,329,770 ordinary shares[(P)] (0.02%)* in Indofood and an indirect interest of 4,396,103,450 Indofood shares (50.07%)* through the Company's group companies, an indirect interest of 2,007,788 shares[(C)] (0.14%)* in Indofood Agri Resources Ltd. ("**IndoAgri**") through his controlled corporations other than the Company and an indirect interest of 1,156,683,430 IndoAgri shares (82.86%)* through the Company's group companies and an indirect interest of 20,483,364 shares (0.13%)* in PT Salim Ivomas Pratama Tbk ("**SIMP**") through his controlled corporations other than the Company and an indirect interest of 12,471,746,400 SIMP shares (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 the Latest Practicable Date.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and chief executive of the Company had any interests and short positions in the shares, debentures or underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) (a) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he or she was taken or deemed to have under such provisions of the SFO); or (b) which were required, pursuant to section 352 of the SFO, to be entered in the register maintained by the Company referred to therein; or (c) which were otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

(b) Directors of the Company who are directors or employees of companies having an interest or short position in the securities of the Company

As at the Latest Practicable Date, the following Directors were also directors or employees of companies which had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Name of Director	Name of Company and Position
Anthoni Salim	Director of Salerni International Limited Director of First Pacific Investments (B.V.I.) Limited Director of First Pacific Investments Limited
Benny S. Santoso	Director of Salerni International Limited Director of First Pacific Investments (B.V.I.) Limited Director of First Pacific Investments Limited

Name of Director	Name of Company and Position
Axton Salim	Director of First Pacific Investments Limited
Tedy Djuhar	Director of First Pacific Investments Limited

Save as disclosed above, so far as was known to the Directors, as at the Latest Practicable Date, none of the Directors was a director or employee of a company which had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

3. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group which was not expiring or determinable by the employer within one year without payment of compensation, other than statutory compensation.

4. LITIGATION

As at the Latest Practicable Date, no litigation or claim of material importance is known to the Directors to be pending or threatened by or against any member of the Enlarged Group.

5. COMPETING INTERESTS

As at the Latest Practicable Date, so far as the Directors are aware, none of the Directors and their respective close associates had any interest in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group (as would be required to be disclosed under Rule 8.10 of the Listing Rules as if each of them was a controlling shareholder).

6. MATERIAL INTERESTS IN CONTRACT OR ARRANGEMENT

The following are existing continuing connected transactions entered into between associates of Mr. Anthoni Salim and members of the Group, which have previously been announced by the Company in accordance with the Listing Rules:

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

Parties to the agreement/arrangement			Period covered by the agreement/ arrangement		Annual cap for the year ending 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**	
Indofood/ICBP	Dufil Prima Foods PLC ("**Dufil**"), an associate of Mr. Salim	Indofood/ICBP (1) grants an exclusive licence in respect of the "Indomie" trademark in Nigeria and provides technical services in connection with instant noodle manufacturing operations in Nigeria; and (2) sells and supplies ingredients, noodle seasonings and packaging used for instant noodle products to DUFIL.	1 January 2020	31 December 2022	70.2
Indofood/ICBP	Pinehill Arabian Food Ltd. ("**Pinehill**"), an associate of Mr. Salim	Indofood/ICBP (1) grants an exclusive licence 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	151.1

Parties to the agreement/arrangement			Period covered by the agreement/arrangement		
Name of entity of the group	Name of connected party and relationship between the parties	Nature of agreement/arrangement	From	To	Annual cap for the year ending 31 December 2020 *(US$ millions)*
Indofood/ICBP	Salim Wazaran Group Limited ("**SAWAZ**"), an associate of Mr. Salim	Indofood/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 Group.	1 January 2020	31 December 2022	129.9
Indofood and its subsidiaries	PT Indomobil Sukses Internasional Tbk ("**Indomobil**") and its subsidiaries, an associate of Mr. Salim	Indomobil and its subsidiaries sell/rent vehicles, provide vehicle services and sell spare parts to Indofood and its subsidiaries	1 January 2020	31 December 2022	2.2
Indofood and its subsidiaries	PT Indotirta Suaka ("**PTIS**"), an associate of Mr. Salim	Indofood and its subsidiaries sell scrap product to PTIS.	1 January 2020	31 December 2022	0.5
Indofood and its subsidiaries	Shanghai Resources International Trading Co. Ltd. ("**Shanghai Resources**"), an associate of Mr. Salim	Indofood and its subsidiaries sell noodles products to Shanghai Resources.	1 January 2020	31 December 2022	6.4
				Aggregated amount:	**360.3**

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

Parties to the agreement/arrangement			Period covered by the agreement/ arrangement		Annual cap for the year ending 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**	
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	0.8
SIMP and its subsidiaries	PT Cipta Subur Nusa Jaya ("**CSNJ**"), an associate of Mr. Salim	SIMP and its subsidiaries rents infrastructure from CSNJ, and vice versa	1 January 2020	31 December 2022	0.1
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	1.7
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	94.1

Parties to the agreement/arrangement			Period covered by the agreement/ arrangement		Annual cap for the year ending 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**	
Indofood and its subsidiaries	Indomobil and its subsidiaries, an associate of Mr. Salim	Indomobil and its subsidiaries sell/ rent vehicles, sell spare parts and provide vehicle services to Indofood and its subsidiaries	1 January 2020	31 December 2022	11.5
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	65.5
SIMP	PT Nippon Indosari Corpindo ("**NIC**"), an associate of Mr. Salim	SIMP sells margarine to NIC	1 January 2020	31 December 2022	1.8
Indofood	PT Lajuperdana Indah ("**LPI**"), an associate of Mr. Salim	Indofood grants an exclusive license of its "Indosugar" trademark related to sugar to LPI	1 January 2020	31 December 2022	0.7
PT Inti Abadi Kemasindo ("**IAK**")	LPI, an associate of Mr. Salim	IAK sells packaging materials to LPI	1 January 2020	31 December 2022	0.6
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	94.4
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	59.5
Indofood 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	0.4
				Aggregated amount:	**484.9**

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

Parties to the agreement/arrangement			Period covered by the agreement/ arrangement		Annual cap for the year ending 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 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	27.1
IAP	PT Fast Food Indonesia Tbk ("**FFI**"), an associate of Mr. Salim	IAP sells chilli and tomato sauces, seasonings and dairy products to FFI	1 January 2020	31 December 2022	2.2
PT Putri Daya Usahatama ("**PDU**")	LS, an associate of Mr. Salim	PDU distributes various consumer products to LS	1 January 2020	31 December 2022	2.4
Indofood and its subsidiaries	Indomobil and its subsidiaries, an associate of Mr. Salim	Indomobil and its subsidiaries sell/ rent vehicles, sell spare parts and provide vehicle services to Indofood and its subsidiaries	1 January 2020	31 December 2022	8.1
Indofood and its subsidiaries	PT Sumberdaya Dian Mandiri ("**SDM**"), an associate of Mr. Salim	Indofood and its subsidiaries use human resources outsourcing services from SDM	1 January 2020	31 December 2022	22.3
IAP	Indomaret, an associate of Mr. Salim	IAP sells finished goods to Indomaret	1 January 2020	31 December 2022	295.3
IAP	Indogrosir, an associate of Mr. Salim	IAP sells finished goods to Indogrosir	1 January 2020	31 December 2022	83.0
PDU	Indomaret, an associate of Mr. Salim	PDU sells finished goods to Indomaret	1 January 2020	31 December 2022	15.6
PDU	Indogrosir, an associate of Mr. Salim	PDU sells finished goods to Indogrosir	1 January 2020	31 December 2022	5.0
IAP	Indomaret, an associate of Mr. Salim	Indomaret rents warehouses and office space from IAP	1 January 2020	31 December 2022	0.3
IAP	LS, an associate of Mr. Salim	LS rents warehouses and office space from IAP	1 January 2020	31 December 2022	0.4
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	0.4
IAP	LPI, an associate of Mr. Salim	IAP buys sugar from LPI.	1 January 2020	31 December 2022	3.3
IAP	PT IDmarco Perkasa Indonesia ("**IDP**"), an associate of Mr. Salim	IAP pays commission fee to IDP.	1 January 2020	31 December 2022	0.2
IAP	PT Indo Natasha Gemilang ("**ING**"), an associate of Mr. Salim	IAP buys products from ING.	1 January 2020	31 December 2022	1.6
				Aggregated amount:	**417.2**

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

Parties to the agreement/arrangement			Period covered by the agreement/ arrangement		Annual cap for the year ending 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**	
Bogasari	NIC, an associate of Mr. Salim	Bogasari sells flour to NIC	1 January 2020	31 December 2022	25.9
Bogasari	FFI, an associate of Mr. Salim	Bogasari sells flour and spaghetti to FFI	1 January 2020	31 December 2022	1.6
Indofood and its subsidiaries	IKU, an associate of Mr. Salim	IKU provides consulting services to Indofood and its subsidiaries	1 January 2020	31 December 2022	2.2
Indofood and its subsidiaries	Indomobil and its subsidiaries, an associate of Mr. Salim	Indomobil and its subsidiaries sell/ rent vehicles, sell spare parts and provide vehicle services to Indofood and its subsidiaries	1 January 2020	31 December 2022	6.1
Indofood and its subsidiaries	SDM, an associate of Mr. Salim	Indofood and its subsidiaries use human resources outsourcing services from SDM	1 January 2020	31 December 2022	8.7
Indofood and its subsidiaries	PT Primajasa Tunas Mandiri ("**PTM**"), an associate of Mr. Salim	Indofood and its subsidiaries use human resources outsourcing services from PTM	1 January 2020	31 December 2022	3.5
Bogasari	Indogrosir, an associate of Mr. Salim	Bogasari sells finished goods to Indogrosir	1 January 2020	31 December 2022	12.1
Bogasari	Shanghai Resources, an associate of Mr. Salim	Bogasari sells pasta products to Shanghai Resources	1 January 2020	31 December 2022	0.5
Bogasari	Indomaret, an associate of Mr. Salim	Bogasari sells finished goods to Indomaret	1 January 2020	31 December 2022	9.4
Indofood and its subsidiaries	PTIS, an associate of Mr. Salim	Indofood and its subsidiaries sell by-product to PTIS	1 January 2020	31 December 2022	11.7
Indofood and its subsidiaries	Interflour and its subsidiaries (including Eastern Pearl Flour Mills and Interflour Vietnam Ltd.) ("**Interflour Group**")	Eastern Pearl Flour Mills provides manufacturing services to Indofood and its subsidiaries. Indofood and its subsidiaries sell finished goods to Interflour Vietnam Ltd.	1 January 2020	31 December 2022	7.8
Indofood and its subsidiaries	IDP, an associate of Mr. Salim	Indofood and its subsidiaries sell finished goods to IDP	1 January 2020	31 December 2022	0.5
				Aggregated amount:	**90.0**

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

Parties to the agreement/arrangement			Period covered by the agreement/ arrangement		Annual cap for the year ending 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**	
Indofood and its subsidiaries	PT Asuransi Central, Asia ("**ACA**"), an associate of Mr. Salim	ACA provides vehicle, property and other assets insurance services to Indofood and its subsidiaries	1 January 2020	31 December 2022	10.4
Indofood 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 Indofood and its subsidiaries	1 January 2020	31 December 2022	5.3
Indofood and its subsidiaries	PT Indosurance Broker Utama ("**IBU**"), an associate of Mr. Salim	IBU provides insurance services to Indofood and its subsidiaries	1 January 2020	31 December 2022	0.7
				Aggregated amount:	**16.4**

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

Parties to the agreement/arrangement			Period covered by the agreement/ arrangement		Annual cap for the year ending 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 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	1.6
AIBM	Indomobil and its subsidiaries, an associate of Mr. Salim	Indomobil and its subsidiaries sell/ rent vehicles, sell spare parts and provide vehicle services to AIBM.	1 January 2020	31 December 2022	1.8
AIBM	FFI, an associate of Mr. Salim	AIBM sells drinking products to FFI	1 January 2020	31 December 2022	2.4
AIBM	PTM, an associate of Mr. Salim	AIBM uses human resources outsourcing services from PTM.	1 January 2020	31 December 2022	0.2
				Aggregated amount:	**6.0**

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

Parties to the agreement/arrangement			Period covered by the agreement/ arrangement		Annual cap for the year ending 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**	
Indofood 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 Indofood and its subsidiaries	1 January 2020	31 December 2022	2.1
Indofood and its subsidiaries	SDM, an associate of Mr. Salim	Indofood and its subsidiaries use human resources outsourcing services from SDM	1 January 2020	31 December 2022	3.3
PT Indolakto ("**Indolakto**")	Indomaret, an associate of Mr. Salim	Indolakto sells finished goods to Indomaret	1 January 2020	31 December 2022	8.5
Indolakto	Indogrosir, an associate of Mr. Salim	Indolakto sells finished goods to Indogrosir	1 January 2020	31 December 2022	0.1
Indolakto	LS, an associate of Mr. Salim	Indolakto sells finished goods to LS	1 January 2020	31 December 2022	0.9
Indolakto	NIC, an associate of Mr. Salim	Indolakto sells finished goods to NIC	1 January 2020	31 December 2022	4.4
Indolakto	FFI, an associate of Mr. Salim	Indolakto sells finished goods to FFI	1 January 2020	31 December 2022	0.6
				Aggregated amount:	**19.9**

H. Transactions relating to the Customer Relationship Management of the Indofood Group

Parties to the agreement/arrangement			Period covered by the agreement/ arrangement		Annual cap for the year ending 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**	
Indofood and its subsidiaries	PT Transcosmos Indonesia ("**Transcosmos**"), an associate of Mr. Salim	Transcosmos provides call center services to Indofood and its subsidiaries	1 January 2020	31 December 2022	0.6
Indofood and its subsidiaries	PT Data Arts Xperience, an associate of Mr. Salim	Indofood and its subsidiaries use digital media buying services from PT Data Arts Xperience	1 January 2020	31 December 2022	0.8
Indofood and its subsidiaries	PT Popbox Asia, an associate of Mr. Salim	Indofood and its subsidiaries brand on PT Popbox Asia's lockers	1 January 2020	31 December 2022	0.9
				Aggregated amount:	**2.3**

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

Parties to the agreement/arrangement			Period covered by the agreement/ arrangement		Annual cap for the year ending 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 Surya Rengo Containers ("**SRC**")	FFI, an associate of Mr. Salim	SRC sells carton box packaging to FFI	1 January 2020	31 December 2022	0.1
Indofood and its subsidiaries	Indomobil and its subsidiaries, an associate of Mr. Salim	Indomobil and its subsidiaries sell/ rent vehicle, sell spare parts and provide vehicle services to Indofood and its subsidiaries	1 January 2020	31 December 2022	1.8
Indofood and its subsidiaries	SDM, an associate of Mr. Salim	Indofood and its subsidiaries use human resources outsourcing services from SDM	1 January 2020	31 December 2022	0.7
Indofood and its subsidiaries	PTM, an associate of Mr. Salim	Indofood and its subsidiaries use human resources outsourcing services from PTM	1 January 2020	31 December 2022	1.2
Indofood/ICBP	NIC, an associate of Mr. Salim	Indofood/ICBP sell packaging materials to NIC	1 January 2020	31 December 2022	0.8
Indofood/ICBP	Indomaret and its subsidiaries, an associate of Mr. Salim	Indofood/ICBP sell packaging materials to Indomaret and its subsidiaries	1 January 2020	31 December 2022	0.5
Indofood/ICBP	LPI, an associate of Mr. Salim	Indofood/ICBP sell packaging materials to LPI	1 January 2020	31 December 2022	0.4
				Aggregated amount:	**5.5**

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

Parties to the agreement/arrangement			Period covered by the agreement/ arrangement		Annual cap for the year ending 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	
Indofood and its subsidiaries	Indomobil and its subsidiaries, an associate of Mr. Salim	Indomobil and its subsidiaries sell/ rent vehicles, sell spare parts and provide vehicle services to Indofood and its subsidiaries	1 January 2020	31 December 2022	1.7
				Aggregated amount:	**1.7**

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

Parties to the agreement/arrangement			Period covered by the agreement/ arrangement		Annual cap for the year ending 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 Aston Inti Makmur (“**AIM**”)	Indomaret, an associate of Mr. Salim	Indomaret rents space from AIM	1 January 2020	31 December 2022	0.1
AIM	PT Central Asia Financial, an associate of Mr. Salim	PT Central Asia Financial rents space from AIM	1 February 2020	31 December 2022	0.2
AIM	IDP, an associate of Mr. Salim	IDP rents space from AIM	1 January 2020	31 December 2022	0.3
AIM	PT Ciptabuana Sukses Lestari, an associate of Mr. Salim	PT Ciptabuana Sukses Lestari rents space from AIM	1 January 2020	31 December 2022	0.6
AIM	CAR, an associate of Mr. Salim	CAR rents space from AIM	1 January 2020	31 December 2022	0.3
AIM	Transcosmos, an associate of Mr. Salim	Transcosmos rents space from AIM	1 January 2020	31 December 2022	0.4
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 amount:	**2.4**

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

Parties to the agreement/arrangement			Period covered by the agreement/ arrangement		
Name of entity of the group	Name of connected party and relationship between the parties	Nature of agreement/ arrangement	From	To	Annual cap for the year ending 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	40.0
				Aggregated amount:	**40.0**

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

Parties to the agreement/arrangement			Period covered by the agreement/ arrangement		
Name of entity of the group	Name of connected party and relationship between the parties	Nature of agreement/ arrangement	From	To	Annual cap for the year ending 31 December 2020 *(US$ millions)*
Indofood and its Subsidiaries	PT Citra Swara Kreasindo	Indofood and its subsidiaries providing sponsorship for branding to PT Citra Swara Kreasindo's events.	1 January 2020	31 December 2022	2.5
				Aggregated amount:	**2.5**

Save as disclosed above, as at the Latest Practicable Date:

(a) none of the Directors was materially interested in any contract or arrangement entered into by any member of the Group subsisting as at the Latest Practicable Date and which was significant in relation to the business of the Group; and

(b) none of the Directors had any direct or indirect interest in any assets which had been, since 31 December 2019, being the date to which the latest published audited consolidated financial statements of the Group were made up, acquired or disposed of by or leased to any member of the Group, or which were proposed to be acquired, disposed of by or leased to any member of the Group.

7. MATERIAL CONTRACTS

The following contracts, not being contracts in the ordinary course of business, were entered into by the Enlarged Group within two years immediately preceding the date of this circular and are or may be material:

(a) The share purchase agreement ("**SPA**") amongst Wilmar International Limited and Oceanica Developments Limited ("**ODL**") and the Company entered into on 11 March 2019 in respect of the sale and purchase of 50% issued share capital in FPW Singapore Holdings Pte. Ltd. owned by ODL, the Company's wholly-owned subsidiary, and certain shareholder's loans made by ODL to FPW Australia Pty Ltd. prior to the date of the SPA, for an aggregate consideration of US$300 million (HK$2,340 million) (including a contingent instalment of US$25 million (equivalent to approximately HK$195 million)).

(b) The tender report in relation to the period of mandatory tender offer from 1 August 2018 to 30 August 2018 submitted by PT Metro Pacific Tollways Indonesia ("**MPTI**") in September 2018 to The Indonesian Financial Services Authority in respect of 3,760,231,769 shares tendered in PT Nusantara Infrastructure Tbk ("**Nusantara**"). On 2 July 2018, MPTI acquired 760,000,000 Nusantara Shares, representing 4.99% of the issued share capital of Nusantara, for an aggregate consideration of IDR160.36 billion (equivalent to approximately US$11.2 million or HK$87.3 million) by way of a cross sale on the IDX. Immediately following the acquisition, MPTI holds 53.26% of the issued share capital of Nusantara and was required to make a mandatory tender offer to purchase all of the Nusantara Shares which it does not already own. Upon completion of the mandatory tender offer, MPTI's holding increased from 53.26% to 77.94% in Nusantara.

(c) The Share Subscription Agreement entered into between Metro Pacific Hospital Holdings, Inc. ("**MPHHI**") and Buhay (SG) Investments Pte. Ltd, a private limited company incorporated under the laws of Singapore (the "**Investor**") on 14 October 2019, pursuant to which the Investor has agreed to subscribe ₱5.2 billion (approximately US$100.2 million or HK$781.7 million) for a total of 41,366,178 MPHHI Subscription Shares representing a subscription price of ₱125.44 (approximately US$2.4 or HK$18.9) per MPHHI Subscription Share and approximately 6.25% of the aggregate par value of MPHHI.

(d) The Exchangeable Bond Subscription Agreement entered into between MPIC and the Investor on 14 October 2019, pursuant to which the Investor has agreed to subscribe ₱30.1 billion (approximately US$580.1 million or HK$4.5 billion) for the Exchangeable Bond to be issued by MPIC on closing under the Exchangeable Bond Subscription Agreement, which is mandatorily exchangeable for 239,932,962 MPHHI Shares held by MPIC, representing a subscription price of ₱125.44 (approximately US$2.4 or HK$18.9) per MPHHI Share and approximately 36.29% of the enlarged issued common share capital of MPHHI on closing of the subscription for new MPHHI Shares under the Share Subscription Agreement.

(e) The subscription agreement dated 14 October 2019 between the Investor and Metropac Apollo Holdings, Inc. ("**Apollo**"). Apollo is a Filipino corporation which holds voting preferred shares of par value ₱0.10 (approximately US$0.0019 or HK$0.015) each in MPHHI. Under that subscription agreement, the Investor agreed to subscribe ₱29.7 million (approximately US$0.6 million or HK$4.5 million) for new shares in Apollo which would result in the Investor holding approximately 34.9% of the issued share capital of Apollo on the issuance of those new shares, with the balance of approximately 65.1% of Apollo's issued share capital held by MPIC.

(f) The Share Purchase Agreement dated 28 May 2020 ("**SPA**") between MPIC and Sumitomo Corporation, a corporation duly organized and existing under the laws of Japan and having its shares listed on the Tokyo Stock Exchange ("**Sumitomo**") pursuant to which, MPIC agreed to sell, and Sumitomo agreed to purchase, 12,176,630 common shares of Metro Pacific Light Rail Corporation ("**MPLRC**") owned by MPIC, representing approximately 34.9% of the issued and outstanding share capital of MPLRC, for an aggregate consideration of approximately Php3 billion (equivalent to approximately US$59.3 million or HK$462.5 million). The consideration was payable by Sumitomo in full in cash at closing and completion of the transaction which took place simultaneously with the entering into of the SPA on 28 May 2020.

(g) The Agreement.

8. EXPERTS AND CONSENT

The following are the qualifications of the experts who had given opinion contained in this circular:

Name	Qualification
Somerley Capital Limited	a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
Moore Stephens CPA Limited	Certified Public Accountants
Ernst & Young	Certified Public Accountants

As at the Latest Practicable Date, the experts above had no shareholding in any member of the Enlarged Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Enlarged Group, and had no interest, either direct or indirect, in any assets which had been since 31 December 2019 (being the date to which the latest published audited accounts of the Group were made up) acquired or disposed of by or leased to any member of the Enlarged Group, or were proposed to be acquired or disposed of by or leased to any member of the Enlarged Group.

Each of the experts above have given and have not withdrawn its written consent to the issue of this circular with the inclusion of its report/opinion and the reference to its name in the form and context in which it appears.

9. MISCELLANEOUS

(a) The principal office of the Company is situated at 24th Floor, Two Exchange Square, 8 Connaught Place, Central, Hong Kong.

(b) The registered office of the Company is situated at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda.

(c) The company secretary of the Company is Ms. Nancy L.M. Li. Ms. Li is a Fellow of the Hong Kong Institute of Company Secretaries and The Institute of Chartered Secretaries & Administrators of Great Britain.

(d) The English text of this circular shall prevail over the Chinese text in the case of inconsistency.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours from 10:00 a.m. to 1:00 p.m. and from 2:00 p.m. to 5:30 p.m. (Saturdays, Sundays and public holidays excepted) at the principal office of the Company at 24th Floor, Two Exchange Square, 8 Connaught Place, Central, Hong Kong from the date of this circular up to and including the date of the SGM:

(a) the Memorandum of Association and Bye-laws of the Company;

(b) the Company's Annual Reports (including audited accounts of the Group) for the three financial years ended 31 December 2017, 2018 and 2019;

(c) the Agreement;

(d) the Letter from the Board, the text of which is set out on pages 6 to 28 of this circular;

(e) the Letter from the Independent Board Committee, the text of which is set out on pages 29 and 30 of this circular;

(f) the Letter from Independent Financial Adviser, the text of which is set out on pages 31 to 86 of this circular;

(g) the accountant's report on the Pinehill Group, the text of which is set out in Appendix III to this circular;

(h) the report on the unaudited pro forma financial information of the Enlarged Group, the text of which is set out in Appendix IV to this circular;

(i) the material contracts as referred to in the section headed "Material Contracts" in this appendix;

(j) the letters of consent from each of the experts referred to under the section headed "Experts and Consent" in this appendix; and

(k) this circular.

FIRST PACIFIC COMPANY LIMITED
第一太平有限公司

(Incorporated with limited liability under the laws of Bermuda)
Website: www.firstpacific.com
(Stock Code: 00142)

NOTICE IS HEREBY GIVEN THAT a special general meeting (the "**SGM**") of First Pacific Company Limited (the "**Company**") will be held at Jasmine to Stork Room, 1st Floor, Mandarin Oriental Hong Kong, 5 Connaught Road Central, Hong Kong at 10:00 a.m. on Friday, 17 July 2020 for the purpose of considering and, if thought fit, passing the following resolution as an ordinary resolution of the Company:

ORDINARY RESOLUTION

"**THAT**:

(a) the acquisition by PT Indofood CBP Sukses Makmur Tbk ("**ICBP**") (a subsidiary of the Company) of the entire issued share capital of Pinehill Company Limited from Pinehill Corpora Limited and Steele Lake Limited for an aggregate consideration of US$2,998 million (equivalent to approximately HK$23.4 billion) (subject to adjustment) (the "**Proposed Acquisition**"), be and are hereby approved, confirmed and ratified; and

(b) that the board of directors of the Company (the "**Board**") be and is hereby authorized to arrange for the execution of such documents in such manner as the Board may consider necessary or desirable and to do, or authorize the Company and/or any subsidiary(ies) to do, whatever acts and things the Board may consider necessary or desirable or expedient for the purpose of, or in connection with, the implementation of the Proposed Acquisition and/or any matter related thereto and to make or agree, or authorize the Company and/or any subsidiary(ies) to make or agree, such amendments or variations thereto, and to grant, or authorize the Company and/or any subsidiary(ies) to grant, any waivers of any conditions precedent or other provisions of such documents as the Board in their discretion consider to be desirable and in the interests of the Company.

By Order of the Board of
First Pacific Company Limited
Nancy L.M. Li
Company Secretary

Hong Kong, 23 June 2020

Principal Office:	*Registered Office:*
24th Floor	Clarendon House
Two Exchange Square	2 Church Street
8 Connaught Place	Hamilton HM11
Central	Bermuda
Hong Kong	

Explanatory Notes to the SGM Notice:

1. For the purpose of determining the identity of the Company's Shareholders who are entitled to attend and vote at the SGM, the Company's Register of Members will be closed from Tuesday, 14 July 2020 to Friday, 17 July 2020, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for attending and voting at the SGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's Hong Kong Branch Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on Monday, 13 July 2020.

2. Every member entitled to attend and vote at the SGM is entitled to appoint one or more proxies to attend and vote instead of him/her. A proxy need not be a member of the Company.

3. A form of proxy for use at the SGM is enclosed with the Company's circular dated 23 June 2020 of which this Notice of SGM forms part. The form of proxy will also be published on the website of the Stock Exchange (www.hkexnews.hk) and can also be downloaded from the Company's website: (www.firstpacific.com).

4. Where there are joint registered holders of any Share, any one of such persons may vote at the SGM, either personally or by proxy, in respect of such Share of the Company as if he were solely entitled thereto; but if more than one of such joint holders is present at the SGM personally or by proxy, that one of the said persons so present whose name stands first in the register of members of the Company in respect of such Share shall alone be entitled to vote in respect thereof.

5. In order to be valid, the form of proxy together with any power of attorney or other authority (if any) under which it is signed or a notarially certified copy of that power of attorney or authority must be deposited at the Company's Hong Kong Branch Share Registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the SGM or any adjournment thereof.

6. In light of the continuing risks posed by the COVID-19 pandemic, the Company may implement further changes and precautionary measures and may issue further announcement on such measures as appropriate. Shareholders should check the Company's website (www.firstpacific.com) and the Stock Exchange's website (www.hkexnews.hk) for further announcements and updates on the SGM arrangements.

7. In view of the travelling restrictions imposed by various jurisdictions including Hong Kong to prevent the spread of COVID-19, certain Director(s) of the Company may attend the SGM through video conference or similar electronic means.

8. If a Typhoon Signal No. 8 or above is hoisted or a Black Rainstorm Warning Signal is in force at or at any time after 12:00 noon on the date of the SGM, the SGM will be adjourned. The Company will post an announcement on the website of the Stock Exchange (www.hkexnews.hk) and its website (www.firstpacific.com) notifying Shareholders of the date, time and place of the adjourned meeting.

   The SGM will be held as scheduled when an Amber or a Red Rainstorm Warning Signal is in force. Shareholders should decide on their own whether they will attend the SGM under bad weather conditions bearing in mind their own situations.

9. The English text of this notice shall prevail over the Chinese text in case of any inconsistency.