FIRST PACIFIC COMPANY LIMITED

(Incorporated with limited liability under the laws of Bermuda)

Website: www.firstpacific.com

(Stock Code: 00142)

2020 Annual Results - Audited

FINANCIAL HIGHLIGHTS

- Profit contribution from operations increased by 4% to US$409.7 million (HK$3,195.7 million) from US$395.6 million (HK$3,085.7 million).
- Recurring profit increased by 11% to US$321.2 million (HK$2,505.4 million) from US$290.0 million (HK$2,262.0 million).
- Non-recurring losses decreased by 72% to US$153.8 million (HK$1,199.6 million) from US$553.7 million (HK$4,318.9 million).
- Profit attributable to owners of the parent of US$201.6 million (HK$1,572.5 million) compared with loss attributable to owners of the parent of US$253.9 million (HK$1,980.4 million).
- Turnover decreased by 6% to US$7,130.5 million (HK$55,617.9 million) from US$7,585.0 million (HK$59,163.0 million) (Restated).
- Basic earnings per share of U.S. 4.65 cents (HK36.3 cents) compared with basic loss per share of U.S. 5.85 cents (HK45.6 cents).
- Recurring basic earnings per share (calculated based on recurring profit) increased by 11% to U.S. 7.40 cents (HK57.7 cents) from U.S. 6.68 cents (HK52.1 cents).
- A final distribution of HK7.50 cents (U.S. 0.96 cents) (2019: HK7.00 cents or U.S. 0.90 cents) per ordinary share has been recommended, making a total distribution per ordinary share equivalent to HK14.50 cents (U.S. 1.86 cents) (2019: HK13.50 cents or U.S. 1.73 cents) for the full year or a distribution payout ratio of approximately 25% (2019: 26%) of recurring profit.
- Equity attributable to owners of the parent increased by 7% to US$3,140.0 million (HK$24,492.0 million) at 31 December 2020 from US$2,928.7 million (HK$22,843.8 million) at 31 December 2019.
- Consolidated net debt increased by 37% to US$8,205.6 million (HK$64,003.7 million) at 31 December 2020 from US$5,978.4 million (HK$46,631.5 million) at 31 December 2019.
- Consolidated gearing ratio increased to 0.77 times at 31 December 2020 from 0.68 times at 31 December 2019.

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December	Notes	2020 US$m	2019 (Restated)(i) US$m	2020 HK$m*	2019 (Restated)(i) HK$m*
Turnover	2	**7,130.5**	7,585.0	**55,617.9**	59,163.0
Cost of sales		**(4,822.2)**	(5,301.2)	**(37,613.2)**	(41,349.4)
Gross profit		**2,308.3**	2,283.8	**18,004.7**	17,813.6
Selling and distribution expenses		**(619.0)**	(606.2)	**(4,828.2)**	(4,728.4)
Administrative expenses		**(604.9)**	(635.7)	**(4,718.2)**	(4,958.5)
Other operating expenses, net	3(a)	**(50.5)**	(526.9)	**(393.9)**	(4,109.8)
Interest income		**68.8**	76.7	**536.7**	598.3
Finance costs	3(b)	**(442.6)**	(438.2)	**(3,452.3)**	(3,417.9)
Share of profits less losses of associated companies and joint ventures		**280.0**	327.0	**2,184.0**	2,550.6
Profit before taxation from continuing operations	3	**940.1**	480.5	**7,332.8**	3,747.9
Taxation	4	**(341.6)**	(444.4)	**(2,664.5)**	(3,466.3)
Profit for the year from continuing operations		**598.5**	36.1	**4,668.3**	281.6
Profit for the year from a discontinued operation		**69.1**	85.0	**539.0**	663.0
Profit for the year		**667.6**	121.1	**5,207.3**	944.6
Profit/(loss) attributable to:					
Owners of the parent	6	**201.6**	(253.9)	**1,572.5**	(1,980.4)
Non-controlling interests		**466.0**	375.0	**3,634.8**	2,925.0
		667.6	121.1	**5,207.3**	944.6
Profit/(loss) attributable to owners of the parent arising from					
Continuing operations		**181.1**	(269.7)	**1,412.6**	(2,103.7)
A discontinued operation		**20.5**	15.8	**159.9**	123.3
		201.6	(253.9)	**1,572.5**	(1,980.4)
		US¢	US¢	**HK¢***	HK¢*
Earnings/(loss) per share attributable to owners of the parent	7				
Basic					
Continuing operations		**4.18**	(6.21)	**32.6**	(48.4)
A discontinued operation		**0.47**	0.36	**3.7**	2.8
		4.65	(5.85)	**36.3**	(45.6)
Diluted					
Continuing operations		**4.17**	(6.21)	**32.5**	(48.4)
A discontinued operation		**0.47**	0.36	**3.7**	2.8
		4.64	(5.85)	**36.2**	(45.6)

(i) Refer to Note 15

Details of the distribution proposed for the year are disclosed in Note 8.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December	2020 US$m	2019 US$m	2020 HK$m*	2019 HK$m*
Profit for the year	**667.6**	121.1	**5,207.3**	944.6
Other comprehensive income/(loss)				
Items that will be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations	**318.2**	334.5	**2,481.9**	2,609.1
Unrealized (losses)/gains on debt investments at fair value through other comprehensive income	**(0.3)**	1.3	**(2.4)**	10.1
Unrealized (losses)/gains on cash flow hedges	**(58.9)**	29.0	**(459.4)**	226.2
Realized losses on cash flow hedges	**44.5**	11.1	**347.1**	86.6
Income tax related to cash flow hedges	**0.7**	(6.8)	**5.5**	(53.1)
Share of other comprehensive (loss)/income of associated companies and joint ventures	**(47.2)**	9.1	**(368.2)**	71.0
Reclassification adjustment for foreign operations disposed of during the year	-	59.0	-	460.2
Items that will not be reclassified to profit or loss:				
Changes in fair value of equity investments at fair value through other comprehensive income	**30.2**	52.2	**235.6**	407.2
Actuarial gains/(losses) on defined benefit pension plans	**21.6**	(5.5)	**168.5**	(42.9)
Share of other comprehensive loss of associated companies and joint ventures	**(53.4)**	(63.4)	**(416.5)**	(494.5)
Other comprehensive income for the year, net of tax	**255.4**	420.5	**1,992.1**	3,279.9
Total comprehensive income for the year	**923.0**	541.6	**7,199.4**	4,224.5
Income/(loss) attributable to:				
Owners of the parent	**269.9**	(83.5)	**2,105.2**	(651.3)
Non-controlling interests	**653.1**	625.1	**5,094.2**	4,875.8
	923.0	541.6	**7,199.4**	4,224.5

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	At 31 December 2020 US$m	At 31 December 2019 US$m	At 31 December 2020 HK$m*	At 31 December 2019 HK$m*
Non-current assets					
Property, plant and equipment		**4,038.1**	4,938.7	**31,497.2**	38,521.9
Biological assets		**22.2**	22.6	**173.2**	176.3
Associated companies and joint ventures		**5,314.4**	4,787.7	**41,452.3**	37,344.1
Goodwill		**4,366.3**	693.2	**34,057.2**	5,407.0
Other intangible assets		**5,927.3**	5,004.7	**46,232.9**	39,036.6
Investment properties		**9.3**	13.4	**72.5**	104.5
Accounts receivable, other receivables and prepayments		**63.9**	37.4	**498.4**	291.7
Financial assets at fair value through other comprehensive income		**426.0**	385.9	**3,322.8**	3,010.0
Deferred tax assets		**110.1**	156.4	**858.8**	1,219.9
Other non-current assets		**687.5**	819.9	**5,362.5**	6,395.2
		20,965.1	16,859.9	**163,527.8**	131,507.2
Current assets					
Cash and cash equivalents and short-term deposits		**2,377.8**	2,846.4	**18,546.8**	22,201.9
Restricted cash		**50.2**	106.0	**391.6**	826.8
Financial assets at fair value through other comprehensive income		**3.3**	9.9	**25.7**	77.2
Accounts receivable, other receivables and prepayments	9	**1,073.9**	1,070.7	**8,376.4**	8,351.5
Inventories		**835.6**	799.0	**6,517.7**	6,232.2
Biological assets		**55.7**	52.0	**434.5**	405.6
		4,396.5	4,884.0	**34,292.7**	38,095.2
Assets classified as held for sale		**1,582.0**	138.6	**12,339.6**	1,081.1
		5,978.5	5,022.6	**46,632.3**	39,176.3
Current liabilities					
Accounts payable, other payables and accruals	10	**1,552.8**	1,569.3	**12,111.8**	12,240.6
Short-term borrowings		**1,659.7**	2,262.8	**12,945.7**	17,649.8
Provision for taxation		**180.6**	97.3	**1,408.7**	758.9
Current portion of deferred liabilities, provisions and payables		**593.9**	542.5	**4,632.4**	4,231.5
		3,987.0	4,471.9	**31,098.6**	34,880.8
Liabilities directly associated with the assets classified as held for sale		**843.8**	25.4	**6,581.6**	198.1
		4,830.8	4,497.3	**37,680.2**	35,078.9
Net current assets		**1,147.7**	525.3	**8,952.1**	4,097.4
Total assets less current liabilities		**22,112.8**	17,385.2	**172,479.9**	135,604.6
Equity					
Issued share capital		**43.4**	43.4	**338.5**	338.5
Shares held for share award scheme		**(2.4)**	(3.2)	**(18.7)**	(25.0)
Retained earnings		**1,604.4**	1,401.4	**12,514.3**	10,930.9
Other components of equity		**1,494.6**	1,487.1	**11,657.9**	11,599.4
Equity attributable to owners of the parent		**3,140.0**	2,928.7	**24,492.0**	22,843.8
Non-controlling interests		**7,488.5**	5,829.3	**58,410.3**	45,468.6
Total equity		**10,628.5**	8,758.0	**82,902.3**	68,312.4
Non-current liabilities					
Long-term borrowings		**8,973.9**	6,668.0	**69,996.4**	52,010.4
Deferred liabilities, provisions and payables		**2,111.3**	1,535.3	**16,468.2**	11,975.4
Deferred tax liabilities		**399.1**	423.9	**3,113.0**	3,306.4
		11,484.3	8,627.2	**89,577.6**	67,292.2
		22,112.8	17,385.2	**172,479.9**	135,604.6

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

US$ millions	Note	Equity attributable to owners of the parent: Issued share capital	Shares held for share award scheme	Share premium	Employee share-based compensation reserve	Other comprehensive (loss)/income (Note 11)	Differences arising from changes in equities of subsidiary companies	Reserves for assets classified as held for sale	Capital and other reserves	Contributed surplus	Retained earnings	Total	Non-controlling interests	**Total equity**
At 1 January 2019		43.4	(4.9)	62.0	57.3	(886.9)	452.4	-	12.6	1,765.6	1,576.5	3,078.0	5,625.2	8,703.2
(Loss)/profit for the year		-	-	-	-	-	-	-	-	-	(253.9)	(253.9)	375.0	121.1
Other comprehensive income for the year		-	-	-	-	170.4	-	-	-	-	-	170.4	250.1	420.5
Total comprehensive income/(loss) for the year		-	-	-	-	170.4	-	-	-	-	(253.9)	(83.5)	625.1	541.6
Purchase of shares under share award scheme		-	(2.0)	-	-	-	-	-	-	-	-	(2.0)	-	(2.0)
Issue of shares under share award scheme		-	(1.1)	1.1	-	-	-	-	-	-	-	-	-	-
Shares vested under share award scheme		-	4.8	-	(5.2)	-	-	-	-	-	0.4	-	-	-
Cancelation of share options		-	-	-	(40.3)	-	-	-	-	-	40.3	-	-	-
Employee share-based compensation benefits		-	-	-	(0.9)	-	(1.7)	-	-	-	2.3	(0.3)	4.1	3.8
Acquisition, divestment and dilution of interests in subsidiary companies		-	-	-	-	-	3.1	-	-	-	-	3.1	(92.7)	(89.6)
Deconsolidation of a subsidiary company		-	-	-	-	0.3	(46.5)	-	-	-	46.2	-	(176.6)	(176.6)
Disposal of an associated company		-	-	-	-	0.1	-	-	-	-	(0.1)	-	-	-
Disposal of a joint venture		-	-	-	-	-	10.3	-	-	-	(10.3)	-	-	-
2018 final distribution paid		-	-	-	-	-	-	-	-	(30.6)	-	(30.6)	-	(30.6)
2019 interim distribution paid	8	-	-	-	-	-	-	-	-	(36.0)	-	(36.0)	-	(36.0)
Acquisition of a subsidiary company		-	-	-	-	-	-	-	-	-	-	-	4.1	4.1
Capital contributions from non-controlling shareholders		-	-	-	-	-	-	-	-	-	-	-	82.7	82.7
Dividends declared to non-controlling shareholders		-	-	-	-	-	-	-	-	-	-	-	(242.6)	(242.6)
At 31 December 2019		43.4	(3.2)	63.1	10.9	(716.1)	417.6	-	12.6	1,699.0	1,401.4	2,928.7	5,829.3	8,758.0
At 1 January 2020		43.4	(3.2)	63.1	10.9	(716.1)	417.6	-	12.6	1,699.0	1,401.4	2,928.7	5,829.3	**8,758.0**
Profit for the year		-	-	-	-	-	-	-	-	-	201.6	201.6	466.0	**667.6**
Other comprehensive income for the year		-	-	-	-	68.3	-	-	-	-	-	68.3	187.1	**255.4**
Total comprehensive income for the year		-	-	-	-	68.3	-	-	-	-	201.6	269.9	653.1	**923.0**
Purchase of shares under share award scheme		-	(1.0)	-	-	-	-	-	-	-	-	(1.0)	-	**(1.0)**
Shares vested under share award scheme		-	1.8	-	(1.7)	-	-	-	-	-	(0.1)	-	-	**-**
Lapse of share options		-	-	-	(1.4)	-	-	-	-	-	1.4	-	-	**-**
Employee share-based compensation benefits		-	-	-	1.5	-	-	-	-	-	-	1.5	0.8	**2.3**
Attributable to a discontinued operation		-	-	-	-	(1.1)	-	1.1	-	-	-	-	-	**-**
Transfer to retained earnings		-	-	-	-	(0.1)	-	-	-	-	0.1	-	-	**-**
Acquisition and divestment of interests in subsidiary companies		-	-	-	-	(2.8)	30.1	-	-	-	-	27.3	(5.7)	**21.6**
Recognition of a financial liability on non-controlling interests put option		-	-	-	-	-	(8.0)	-	-	-	-	(8.0)	(66.3)	**(74.3)**
2019 final distribution paid	8	-	-	-	-	-	-	-	-	(39.2)	-	(39.2)	-	**(39.2)**
2020 interim distribution paid	8	-	-	-	-	-	-	-	-	(39.2)	-	(39.2)	-	**(39.2)**
Acquisition of a subsidiary company		-	-	-	-	-	-	-	-	-	-	-	1,302.0	**1,302.0**
Capital contributions from non-controlling shareholders		-	-	-	-	-	-	-	-	-	-	-	16.8	**16.8**
Dividends declared to non-controlling shareholders		-	-	-	-	-	-	-	-	-	-	-	(241.5)	**(241.5)**
At 31 December 2020		**43.4**	**(2.4)**	**63.1**	**9.3**	**(651.8)**	**439.7**	**1.1**	**12.6**	**1,620.6**	**1,604.4**	**3,140.0**	**7,488.5**	**10,628.5**

HK$ millions*	Note	Equity attributable to owners of the parent Issued share capital	Shares held for share award scheme	Share premium	Employee share-based compensation reserve	Other comprehensive (loss)/income (Note 11)	Differences arising from changes in equities of subsidiary companies	Reserves for assets classified as held for sale	Capital and other reserves	Contributed surplus	Retained earnings	Total	Non-controlling interests	**Total equity**
At 1 January 2019		338.5	(38.2)	483.6	446.9	(6,917.8)	3,528.7	-	98.3	13,771.7	12,296.7	24,008.4	43,876.5	67,884.9
(Loss)/profit for the year		-	-	-	-	-	-	-	-	-	(1,980.4)	(1,980.4)	2,925.0	944.6
Other comprehensive income for the year		-	-	-	-	1,329.1	-	-	-	-	-	1,329.1	1,950.8	3,279.9
Total comprehensive income/(loss) for the year		-	-	-	-	1,329.1	-	-	-	-	(1,980.4)	(651.3)	4,875.8	4,224.5
Purchase of shares under share award scheme		-	(15.6)	-	-	-	-	-	-	-	-	(15.6)	-	(15.6)
Issue of shares under share award scheme		-	(8.6)	8.6	-	-	-	-	-	-	-	-	-	-
Shares vested under share award scheme		-	37.4	-	(40.5)	-	-	-	-	-	3.1	-	-	-
Cancelation of share options		-	-	-	(314.3)	-	-	-	-	-	314.3	-	-	-
Employee share-based compensation benefits		-	-	-	(7.1)	-	(13.3)	-	-	-	18.0	(2.4)	32.0	29.6
Acquisition, divestment and dilution of interests in subsidiary companies		-	-	-	-	-	24.2	-	-	-	-	24.2	(723.0)	(698.8)
Deconsolidation of a subsidiary company		-	-	-	-	2.3	(362.7)	-	-	-	360.4	-	(1,377.5)	(1,377.5)
Disposal of an associated company		-	-	-	-	0.8	-	-	-	-	(0.8)	-	-	-
Disposal of a joint venture		-	-	-	-	-	80.4	-	-	-	(80.4)	-	-	-
2018 final distribution paid		-	-	-	-	-	-	-	-	(238.7)	-	(238.7)	-	(238.7)
2019 interim distribution paid	8	-	-	-	-	-	-	-	-	(280.8)	-	(280.8)	-	(280.8)
Acquisition of a subsidiary company		-	-	-	-	-	-	-	-	-	-	-	32.0	32.0
Capital contributions from non-controlling shareholders		-	-	-	-	-	-	-	-	-	-	-	645.1	645.1
Dividends declared to non-controlling shareholders		-	-	-	-	-	-	-	-	-	-	-	(1,892.3)	(1,892.3)
At 31 December 2019		338.5	(25.0)	492.2	85.0	(5,585.6)	3,257.3	-	98.3	13,252.2	10,930.9	22,843.8	45,468.6	68,312.4
At 1 January 2020		338.5	(25.0)	492.2	85.0	(5,585.6)	3,257.3	-	98.3	13,252.2	10,930.9	22,843.8	45,468.6	**68,312.4**
Profit for the year		-	-	-	-	-	-	-	-	-	1,572.5	1,572.5	3,634.8	**5,207.3**
Other comprehensive income for the year		-	-	-	-	532.7	-	-	-	-	-	532.7	1,459.4	**1,992.1**
Total comprehensive income for the year		-	-	-	-	532.7	-	-	-	-	1,572.5	2,105.2	5,094.2	**7,199.4**
Purchase of shares under share award scheme		-	(7.8)	-	-	-	-	-	-	-	-	(7.8)	-	**(7.8)**
Shares vested under share award scheme		-	14.1	-	(13.3)	-	-	-	-	-	(0.8)	-	-	**-**
Lapse of share options		-	-	-	(10.9)	-	-	-	-	-	10.9	-	-	**-**
Employee share-based compensation benefits		-	-	-	11.7	-	-	-	-	-	-	11.7	6.2	**17.9**
Attributable to a discontinued operation		-	-	-	-	(8.6)	-	8.6	-		-	-	-	**-**
Transfer to retained earnings		-	-	-	-	(0.8)	-	-	-	-	0.8	-	-	**-**
Acquisition and divestment of interests in subsidiary companies		-	-	-	-	(21.7)	234.8	-	-	-	-	213.1	(44.5)	**168.6**
Recognition of a financial liability on non-controlling interests put option		-	-	-	-	-	(62.4)	-	-	-	-	(62.4)	(517.1)	**(579.5)**
2019 final distribution paid	8	-	-	-	-	-	-	-	-	(305.8)	-	(305.8)	-	**(305.8)**
2020 interim distribution paid	8	-	-	-	-	-	-	-	-	(305.8)	-	(305.8)	-	**(305.8)**
Acquisition of a subsidiary company		-	-	-	-	-	-	-	-	-	-	-	10,155.6	**10,155.6**
Capital contributions from non-controlling shareholders		-	-	-	-	-	-	-	-	-	-	-	131.0	**131.0**
Dividends declared to non-controlling shareholders		-	-	-	-	-	-	-	-	-	-	-	(1,883.7)	**(1,883.7)**
At 31 December 2020		**338.5**	**(18.7)**	**492.2**	**72.5**	**(5,084.0)**	**3,429.7**	**8.6**	**98.3**	**12,640.6**	**12,514.3**	**24,492.0**	**58,410.3**	**82,902.3**

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December	Notes	2020 US$m	2019 (Restated)[i] US$m	2020 HK$m*	2019 (Restated)[i] HK$m*
Profit before taxation					
From continuing operations		**940.1**	480.5	**7,332.8**	3,747.9
From a discontinued operation		**89.1**	107.5	**695.0**	838.5
Adjustments for:					
Finance costs		**478.0**	477.4	**3,728.4**	3,723.7
Depreciation		**422.7**	404.4	**3,297.1**	3,154.3
Amortization of other intangible assets		**130.2**	128.8	**1,015.5**	1,004.6
Provisions for impairment losses		**126.7**	858.3	**988.3**	6,694.7
Loss/(gain) on disposal of property, plant and equipment, net	3(a)	**32.7**	(0.7)	**255.1**	(5.5)
Write-down of inventories to net realizable value	3(c)	**13.0**	9.0	**101.4**	70.2
Employee share-based compensation benefit expenses		**3.0**	3.2	**23.4**	25.0
Share of profits less losses of associated companies and joint ventures		**(298.8)**	(335.1)	**(2,330.7)**	(2,613.8)
Interest income		**(71.6)**	(85.7)	**(558.5)**	(668.5)
(Reversal of)/provision for onerous contracts, net	3(c)	**(13.2)**	3.2	**(103.0)**	25.0
Gain on changes in fair value of biological assets	3(a)	**(0.2)**	(13.5)	**(1.6)**	(105.3)
Loss on disposal of a joint venture	3(a)	**-**	308.3	**-**	2,404.8
Gain on deconsolidation of a subsidiary company	3(a)	**-**	(621.0)	**-**	(4,843.8)
Gain on disposal of an associated company	3(a)	**-**	(6.3)	**-**	(49.1)
Gain on disposal of assets classified as held for sale		**-**	(2.9)	**-**	(22.6)
Others		**(1.9)**	7.7	**(14.8)**	60.1
		1,849.8	1,723.1	**14,428.4**	13,440.2
(Increase)/decrease in accounts receivable, other receivables and prepayments		**(125.5)**	53.9	**(978.9)**	420.4
(Increase)/decrease in inventories		**(48.8)**	149.7	**(380.6)**	1,167.7
(Decrease)/increase in accounts payable, other payables and accruals		**(2.2)**	168.0	**(17.2)**	1,310.4
Net cash generated from operations		**1,673.3**	2,094.7	**13,051.7**	16,338.7
Interest received		**75.8**	88.5	**591.2**	690.3
Interest paid		**(426.7)**	(417.5)	**(3,328.2)**	(3,256.5)
Taxes paid		**(285.8)**	(310.2)	**(2,229.2)**	(2,419.6)
Net cash flows from operating activities		**1,036.6**	1,455.5	**8,085.5**	11,352.9
Proceeds from disposal of financial assets at fair value through other comprehensive income		**358.2**	306.3	**2,794.0**	2,389.2
Dividends received from associated companies and a joint venture		**257.1**	265.2	**2,005.4**	2,068.5
Proceeds from disposal of property, plant and equipment		**104.5**	18.8	**815.1**	146.6
Proceeds from instalment payments for disposal of a subsidiary company		**80.9**	47.6	**631.0**	371.3
Decrease/(increase) in short-term deposits with original maturity of more than three months		**26.9**	(183.0)	**209.8**	(1,427.4)
Decrease/(increase) in restricted cash		**13.1**	(2.8)	**102.2**	(21.8)
Dividends received from financial assets at fair value through other comprehensive income		**5.4**	5.5	**42.1**	42.9
Proceeds from disposal of investment properties		**3.9**	-	**30.4**	-
Acquisition of subsidiary companies		**(2,255.1)**	(0.2)	**(17,589.8)**	(1.6)
Investments in other intangible assets		**(689.6)**	(942.2)	**(5,378.9)**	(7,349.2)
Payments for purchases of property, plant and equipment		**(362.7)**	(421.1)	**(2,829.0)**	(3,284.6)
Acquisition of financial assets at fair value through other comprehensive income		**(353.1)**	(0.8)	**(2,754.2)**	(6.2)
Increased investments in joint ventures		**(66.6)**	(69.8)	**(519.5)**	(544.4)
Instalment payment for acquisition of a subsidiary company		**(49.5)**	(47.5)	**(386.1)**	(370.5)
Investments in biological assets		**(13.3)**	(13.2)	**(103.7)**	(103.0)
Increased investments in associated companies		**(8.0)**	(7.7)	**(62.4)**	(60.1)
Proceeds from disposal of a subsidiary company		**-**	430.2	**-**	3,355.6
Proceeds from disposal of a joint venture		**-**	275.0	**-**	2,145.0
Proceeds from disposal of an associated company		**-**	16.7	**-**	130.3
Advances to a joint venture		**-**	(10.7)	**-**	(83.5)
Net cash flows used in investing activities		**(2,947.9)**	(333.7)	**(22,993.6)**	(2,602.9)
Proceeds from new bank borrowings and other loans		**6,017.2**	4,078.5	**46,934.2**	31,812.3
Proceeds from divestments of interests in subsidiary companies		**94.0**	-	**733.2**	-
Capital contributions from non-controlling shareholders		**16.8**	82.7	**131.0**	645.1
Loans from non-controlling shareholders		**0.4**	5.8	**3.1**	45.2
Repayment of bank borrowings and other loans		**(4,007.2)**	(3,849.4)	**(31,256.2)**	(30,025.3)
Dividends paid to non-controlling shareholders by subsidiary companies		**(251.2)**	(235.1)	**(1,959.3)**	(1,833.7)
Payments for concession fees payable		**(117.2)**	(32.4)	**(914.1)**	(252.7)
Distributions paid to shareholders		**(78.4)**	(66.6)	**(611.6)**	(519.5)
Repurchase of a subsidiary company's shares		**(69.2)**	(0.1)	**(539.7)**	(0.8)
Principal portion of lease payments		**(34.1)**	(20.0)	**(266.0)**	(156.0)
Increased investments in subsidiary companies		**(5.1)**	(98.0)	**(39.8)**	(764.4)
Payments for purchase and subscription of shares under a long-term incentive plan		**(0.6)**	(3.1)	**(4.7)**	(24.2)
Proceeds from shares issued to non-controlling shareholders by subsidiary companies		**-**	2.4	**-**	18.7
Proceeds from the issue of shares under a long-term incentive plan		**-**	1.1	**-**	8.6
Net cash flows from/(used in) financing activities		**1,565.4**	(134.2)	**12,210.1**	(1,046.7)
Net (decrease)/increase in cash and cash equivalents		**(345.9)**	987.6	**(2,698.0)**	7,703.3
Cash and cash equivalents at 1 January		**2,650.8**	1,613.4	**20,676.2**	12,584.5
Exchange translation		**58.3**	49.8	**454.8**	388.4
Cash and cash equivalents at 31 December		**2,363.2**	2,650.8	**18,433.0**	20,676.2
Representing					
Cash and cash equivalents and short-term deposits as stated in the consolidated statement of financial position		**2,377.8**	2,846.4	**18,546.8**	22,201.9
Add: cash and cash equivalents attributable to a discontinued operation		**138.6**	-	**1,081.1**	-
Less: bank overdrafts		**(0.5)**	(1.3)	**(3.9)**	(10.2)
Less: short-term deposits with original maturity of more than three months		**(152.7)**	(194.3)	**(1,191.0)**	(1,515.5)
Cash and cash equivalents at 31 December		**2,363.2**	2,650.8	**18,433.0**	20,676.2

(i) Refer to Note 15

Notes:

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

(A) Basis of preparation

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

(B) Amendments adopted by the Group

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

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

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

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

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

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

2. Turnover and operating segmental information

For the year ended 31 December	**2020** **US$m**	2019 (Restated) US$m	**2020** **HK$m***	2019 (Restated) HK$m*
Turnover				
Sale of goods				
- Consumer Food Products	**5,637.8**	5,528.8	**43,974.8**	43,124.6
- Infrastructure	**-**	76.9	**-**	599.8
Sale of electricity				
- Infrastructure	**577.7**	721.7	**4,506.1**	5,629.3
Rendering of services				
- Consumer Food Products	**96.2**	103.0	**750.4**	803.4
- Infrastructure	**818.8**	1,154.6	**6,386.6**	9,005.9
Total	**7,130.5**	7,585.0	**55,617.9**	59,163.0

Operating segmental information

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

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

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

The revenue, results and other information for the years ended 31 December 2020 and 2019, and assets and liabilities at 31 December 2020 and 2019 regarding the Group's operating segments are as follows:

By Principal Business Activity - 2020

For the year ended/at 31 December	Consumer Food Products US$m	Telecom-munications US$m	Infrastructure US$m	Natural Resources US$m	Head Office US$m	**2020 Total US$m**	**2020 Total HK$m***
Revenue							
Turnover							
- Point in time	5,637.8	-	-	-	-	**5,637.8**	**43,974.8**
- Over time	96.2	-	1,396.5	-	-	**1,492.7**	**11,643.1**
Total	5,734.0	-	1,396.5	-	-	**7,130.5**	**55,617.9**
Results							
Recurring profit	184.5	134.9	82.3	8.0	(88.5)	**321.2**	**2,505.4**
Assets and Liabilities							
Non-current assets (other than financial instruments and deferred tax assets)							
- Associated companies and joint ventures	578.5	1,201.5	3,373.5	160.9	-	**5,314.4**	**41,452.3**
- Others	8,043.0	-	6,896.6	-	10.1	**14,949.7**	**116,607.7**
	8,621.5	1,201.5	10,270.1	160.9	10.1	**20,264.1**	**158,060.0**
Other assets	3,253.1	-	1,600.4	-	244.0	**5,097.5**	**39,760.5**
Segment assets	11,874.6	1,201.5	11,870.5	160.9	254.1	**25,361.6**	**197,820.5**
Assets classified as held for sale	-	-	1,582.0	-	-	**1,582.0**	**12,339.6**
Total assets	11,874.6	1,201.5	13,452.5	160.9	254.1	**26,943.6**	**210,160.1**
Borrowings	3,887.6	-	5,315.1	-	1,430.9	**10,633.6**	**82,942.1**
Other liabilities	2,270.4	-	2,430.5	-	136.8	**4,837.7**	**37,734.1**
Segment liabilities	6,158.0	-	7,745.6	-	1,567.7	**15,471.3**	**120,676.2**
Liabilities directly associated with the assets classified as held for sale	-	-	843.8	-	-	**843.8**	**6,581.6**
Total liabilities	6,158.0	-	8,589.4	-	1,567.7	**16,315.1**	**127,257.8**
Other Information							
Depreciation and amortization	(307.2)	-	(165.6)	-	(5.4)	**(478.2)**	**(3,730.0)**
Gain on changes in fair value of biological assets	0.2	-	-	-	-	**0.2**	**1.6**
Impairment losses	(74.5)	-	(47.4)	-	-	**(121.9)**	**(950.8)**
Interest income	34.4	-	24.8	-	9.6	**68.8**	**536.7**
Finance costs	(142.8)	-	(229.8)	-	(70.0)	**(442.6)**	**(3,452.3)**
Share of profits less losses of associated companies and joint ventures	(0.6)	126.2	172.7	(18.3)	-	**280.0**	**2,184.0**
Taxation	(246.6)	-	(78.5)	-	(16.5)	**(341.6)**	**(2,664.5)**
Additions to non-current assets (other than financial instruments and deferred tax assets)	897.1	-	811.6	-	-	**1,708.7**	**13,327.9**

By Geographical Market - 2020

For the year ended/at 31 December	Indonesia US$m	The Philippines US$m	Singapore US$m	The Middle East, Africa & Others US$m	**2020 Total US$m**	**2020 Total HK$m***
Revenue						
Turnover						
- Consumer Food Products	4,736.7	173.2	51.7	772.4	**5,734.0**	**44,725.2**
- Infrastructure	33.5	792.0	571.0	-	**1,396.5**	**10,892.7**
Total	4,770.2	965.2	622.7	772.4	**7,130.5**	**55,617.9**
Assets						
Non-current assets (other than financial instruments and deferred tax assets)	3,867.3	11,479.6	579.4	4,337.8	**20,264.1**	**158,060.0**

By Principal Business Activity - 2019

For the year ended/at 31 December	Consumer Food Products US$m	Telecom-munications US$m	Infrastructure US$m	Natural Resources US$m	Head Office US$m	2019 (Restated) Total US$m	2019 (Restated) Total HK$m*
Revenue							
Turnover							
- Point in time	5,528.8	-	76.9	-	-	5,605.7	43,724.5
- Over time	103.0	-	1,876.3	-	-	1,979.3	15,438.5
Total	5,631.8	-	1,953.2	-	-	7,585.0	59,163.0
Results							
Recurring profit	159.0	119.3	116.3	1.0	(105.6)	290.0	2,262.0
Assets and Liabilities							
Non-current assets (other than financial instruments and deferred tax assets)							
- Associated companies and joint ventures	94.9	1,154.1	3,369.1	169.6	-	4,787.7	37,344.1
- Others	4,357.0	-	7,018.5	-	13.1	11,388.6	88,831.0
	4,451.9	1,154.1	10,387.6	169.6	13.1	16,176.3	126,175.1
Other assets	2,824.0	-	2,299.2	-	444.4	5,567.6	43,427.3
Segment assets	7,275.9	1,154.1	12,686.8	169.6	457.5	21,743.9	169,602.4
Assets classified as held for sale	138.6	-	-	-	-	138.6	1,081.1
Total assets	7,414.5	1,154.1	12,686.8	169.6	457.5	21,882.5	170,683.5
Borrowings	1,839.0	-	5,436.2	-	1,655.6	8,930.8	69,660.2
Other liabilities	1,455.6	-	2,580.9	-	131.8	4,168.3	32,512.8
Segment liabilities	3,294.6	-	8,017.1	-	1,787.4	13,099.1	102,173.0
Liabilities directly associated with the assets classified as held for sale	25.4	-	-	-	-	25.4	198.1
Total liabilities	3,320.0	-	8,017.1	-	1,787.4	13,124.5	102,371.1
Other Information							
Depreciation and amortization	(269.4)	-	(195.5)	-	(6.3)	(471.2)	(3,675.4)
Gain on changes in fair value of biological assets	13.5	-	-	-	-	13.5	105.3
Gain on deconsolidation of a subsidiary company	-	-	621.0	-	-	621.0	4,843.8
Loss on disposal of a joint venture	(308.3)	-	-	-	-	(308.3)	(2,404.8)
Gain on disposal of an associated company	6.3	-	-	-	-	6.3	49.1
Impairment losses	(31.7)	-	(831.5)	-	-	(863.2)	(6,732.9)
Interest income	33.7	-	35.8	-	7.2	76.7	598.3
Finance costs	(137.3)	-	(220.7)	-	(80.2)	(438.2)	(3,417.9)
Share of profits less losses of associated companies and joint ventures	(8.7)	115.4	257.7	(37.4)	-	327.0	2,550.6
Taxation	(194.6)	-	(236.1)	-	(13.7)	(444.4)	(3,466.3)
Additions to non-current assets (other than financial instruments and deferred tax assets)	346.2	-	1,220.4	-	12.6	1,579.2	12,317.8

By Geographical Market - 2019

For the year ended/at 31 December	Indonesia US$m	The Philippines US$m	Singapore US$m	Others US$m	2019 (Restated) Total US$m	2019 (Restated) Total HK$m*
Revenue						
Turnover						
- Consumer Food Products	4,817.5	241.1	51.9	521.3	5,631.8	43,928.0
- Infrastructure	41.7	1,198.1	713.4	-	1,953.2	15,235.0
Total	4,859.2	1,439.2	765.3	521.3	7,585.0	59,163.0
Assets						
Non-current assets (other than financial instruments and deferred tax assets)	3,932.5	11,494.3	681.1	68.4	16,176.3	126,175.1

There was no revenue from transactions with a single customer that accounted for 10% or more of the Group's consolidated revenue during the year (2019: None).

3. Profit before taxation from continuing operations

Profit before taxation from continuing operations is arrived at after charging/(crediting):

(a) Other operating expenses, net

For the year ended 31 December	**2020**	2019	**2020**	2019
		(Restated)		(Restated)
	US$m	US$m	**HK$m***	HK$m*
Loss/(gain) on disposal of property, plant and equipment, net	**32.7**	(0.7)	**255.1**	(5.5)
Impairment losses				
- Goodwill	**37.5**	407.5	**292.5**	3,178.5
- Property, plant and equipment	**24.0**	206.0	**187.2**	1,606.8
- Associated companies and joint ventures	**22.3**	6.0	**173.9**	46.8
- Other receivables	**11.2**	10.0	**87.4**	78.0
- Other intangible assets	**1.3**	221.8	**10.1**	1,730.0
Foreign exchange and derivative gains, net	**(92.5)**	(6.6)	**(721.5)**	(51.5)
Dividend income from financial assets at fair value through other comprehensive income ("FVOCI")	**(5.4)**	(5.5)	**(42.1)**	(42.9)
Gain on changes in fair value of biological assets	**(0.2)**	(13.5)	**(1.6)**	(105.3)
Loss on disposal of a joint venture	**-**	308.3	**-**	2,404.8
Gain on deconsolidation of a subsidiary company	**-**	(621.0)	**-**	(4,843.8)
Gain on disposal of an associated company	**-**	(6.3)	**-**	(49.1)
Other expenses	**19.6**	20.9	**152.9**	163.0
Total	**50.5**	526.9	**393.9**	4,109.8

(b) Finance costs

For the year ended 31 December	**2020**	2019	**2020**	2019
		(Restated)		(Restated)
	US$m	US$m	**HK$m***	HK$m*
Finance costs on				
- Bank borrowings and other loans	**632.0**	537.9	**4,929.6**	4,195.6
- Lease liabilities	**4.3**	4.3	**33.5**	33.5
Less: Finance costs capitalized in				
- Other intangible assets	**(185.4)**	(97.2)	**(1,446.1)**	(758.2)
- Property, plant and equipment	**(8.3)**	(6.8)	**(64.7)**	(53.0)
Total	**442.6**	438.2	**3,452.3**	3,417.9

(c) Other items

For the year ended 31 December	**2020**	2019	**2020**	2019
		(Restated)		(Restated)
	US$m	US$m	**HK$m***	HK$m*
Cost of inventories sold	**2,722.1**	2,829.6	**21,232.4**	22,070.9
Cost of services rendered	**995.0**	1,288.3	**7,761.0**	10,048.7
Employees' remuneration	**803.2**	851.0	**6,265.0**	6,637.8
Depreciation	**348.0**	342.1	**2,714.4**	2,668.4
Amortization of other intangible assets[(i)]	**127.2**	125.9	**992.2**	982.0
Expenses relating to short-term leases and other leases with remaining lease terms ended on or before 31 December 2019	**13.8**	13.0	**107.6**	101.4
Write-down of inventories to net realizable value[(ii)]	**13.0**	9.0	**101.4**	70.2
Impairment losses on accounts receivable[(iii)]	**12.6**	2.9	**98.3**	22.6
Auditor's remuneration				
- Audit services	**4.6**	4.4	**35.9**	34.3
- Non-audit services[(iv)]	**1.0**	1.5	**7.8**	11.7
Expenses relating to leases of low-value assets	**0.6**	0.3	**4.7**	2.3
(Reversal of)/provision for onerous contracts, net	**(13.2)**	3.2	**(103.0)**	25.0

(i) US$110.8 million (HK$864.3 million) (2019 (Restated): US$109.6 million or HK$854.9 million) included in cost of sales, US$13.3 million (HK$103.7 million) (2019: US$13.7 million or HK$106.8 million) included in other operating expenses, net, and US$3.1 million (HK$24.2 million) (2019 (Restated): US$2.6 million or HK$20.3 million) included in administrative expenses

(ii) Included in cost of sales

(iii) Included in selling and distribution expenses

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

4. Taxation

No Hong Kong profits tax (2019: Nil) has been provided as the Group had no estimated assessable profits (2019: Nil) arising in Hong Kong for the year. Taxation on assessable profits generated outside Hong Kong has been provided at the rates of taxation prevailing in the countries in which the Company's subsidiary companies operate.

For the year ended 31 December	2020 US$m	2019 (Restated) US$m	2020 HK$m*	2019 (Restated) HK$m*
Subsidiary companies - overseas				
Current taxation	**326.8**	323.4	**2,549.1**	2,522.5
Deferred taxation	**14.8**	121.0	**115.4**	943.8
Total	**341.6**	444.4	**2,664.5**	3,466.3

Included within the share of profits less losses of associated companies and joint ventures is taxation of US$107.4 million (HK$837.7 million) (2019 (Restated): US$110.8 million or HK$864.2 million) which is analyzed as follows:

For the year ended 31 December	2020 US$m	2019 (Restated) US$m	2020 HK$m*	2019 (Restated) HK$m*
Associated companies and joint ventures - overseas				
Current taxation	**119.8**	128.6	**934.4**	1,003.1
Deferred taxation	**(12.4)**	(17.8)	**(96.7)**	(138.9)
Total	**107.4**	110.8	**837.7**	864.2

5. A discontinued operation

On 23 December 2020, MPIC, through its wholly owned subsidiary company, Beacon PowerGen Holdings Inc. ("Beacon PowerGen"), entered into a sale and purchase agreement to sell its 56% interest in Global Business Power Corporation ("GBPC") to Meralco PowerGen Corporation ("MGen"), a wholly owned subsidiary company of Manila Electric Company ("Meralco") and an associated company of the Group, for an aggregate consideration of approximately Pesos 22.4 billion (US$466.6 million), of which 60% of the aggregate consideration will be payable by MGen in cash upon the completion of the transaction. The balance of 40% of the aggregate consideration will be payable in cash in equal instalment by MGen after six months and 18 months following the completion of the transaction, respectively. The financial results of GBPC will also be deconsolidated and be equity accounted for in the Group's consolidated financial statements through the Group's investment in Meralco after the closing of the transaction.

Accordingly, GBPC was classified as a disposal group held for sale as at 31 December 2020 and a discontinued operation in the Group's 2020 consolidated financial statements.

6. Profit/(loss) attributable to owners of the parent

The profit/(loss) attributable to owners of the parent includes net foreign exchange and derivative gains of US$34.1 million (HK$266.0 million) (2019: US$6.8 million or HK$53.0 million), which represent the foreign exchange translation differences on the Group's unhedged foreign currency denominated net assets/liabilities and the changes in the fair values of derivatives, gain on changes in fair value of biological assets of US$0.1 million (HK$0.8 million) (2019: US$3.0 million or HK$23.4 million) and non-recurring losses of US$153.8 million (HK$1,199.6 million) (2019: US$553.7 million or HK$4,318.9 million).

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

For the year ended 31 December	2020 US$m	2019 US$m	2020 HK$m*	2019 HK$m*
Foreign exchange and derivative gains/(losses)				
- Subsidiary companies	**92.1**	6.3	**718.4**	49.1
- Associated companies and joint ventures	**(0.7)**	(0.9)	**(5.5)**	(7.0)
Subtotal	**91.4**	5.4	**712.9**	42.1
Attributable to taxation and non-controlling interests	**(57.3)**	1.4	**(446.9)**	10.9
Total	**34.1**	6.8	**266.0**	53.0

The non-recurring losses represent certain items, through occurrence or size, which are not considered as usual operating items. For the year ended 31 December 2020, non-recurring losses of US$153.8 million (HK$1,199.6 million) mainly represent (a) the Group's impairment provisions for assets, including investments in RHI, property, plant and equipment, goodwill, deferred costs and others (US$74.1 million or HK$578.0 million), loss on disposal of RHI's sugar mill, ethanol plant and other assets in La Carlota, Negros Occidental ("La Carlota assets") (US$15.8 million or HK$123.2 million) and debt refinancing costs (US$7.5 million or HK$58.5 million), and (b) PLDT's manpower reduction costs (US$9.5 million or HK$74.1 million) and accelerated amortization for Sun trademark (US$6.8 million or HK$53.0 million), and PLP's provisions for take-or-pay obligation and onerous contracts (US$7.4 million or HK$57.7 million).

7. Earnings/(loss) per share attributable to owners of the parent

The calculation of the basic earnings/(loss) per share is based on the profit/(loss) for the year attributable to owners of the parent, and the weighted average number of ordinary shares of 4,344.9 million (2019: 4,344.1 million) in issue less the weighted average number of ordinary shares held for a share award scheme of 6.1 million (2019: 5.1 million) during the year.

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

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

For the year ended 31 December	2020	2019 (Restated)	2020	2019 (Restated)
	US$m	US$m	HK$m*	HK$m*
Earnings/(loss)				
Profit/(loss) attributable to owners of the parent used in the basic and diluted earnings/(loss) per share calculation				
- From continuing operations	**181.1**	(269.7)	**1,412.6**	(2,103.7)
- From a discontinued operation	**20.5**	15.8	**159.9**	123.3
	201.6	(253.9)	**1,572.5**	(1,980.4)

For the year ended 31 December	Number of shares	
Millions	**2020**	2019
Shares		
Weighted average number of ordinary shares issued during the year	**4,344.9**	4,344.1
Less: Weighted average number of ordinary shares held for a share award scheme	**(6.1)**	(5.1)
Weighted average number of ordinary shares used in the basic earnings/(loss) per share calculation	**4,338.8**	4,339.0
Add: Dilutive impact of awarded shares on the weighted average number of ordinary shares	**6.5**	-
Weighted average number of ordinary shares used in the diluted earnings/(loss) per share calculation	**4,345.3**	4,339.0

For the year ended 31 December 2020, the effect of share options (2019: share options and awarded shares) of the Company on the weighted average number of ordinary shares was anti-dilutive and therefore not included in the above calculation of diluted earnings/(loss) per share.

8. Ordinary share distribution

	Per ordinary share				Total			
For the year ended 31 December	**2020**	2019	**2020**	2019	**2020**	2019	**2020**	2019
	US¢	US¢	**HK¢***	HK¢*	**US$m**	US$m	**HK$m***	HK$m*
Interim	**0.90**	0.83	**7.00**	6.50	**39.2**	36.0	**305.8**	280.8
Proposed final/final	**0.96**	0.90	**7.50**	7.00	**41.8**	39.2	**325.9**	305.8
Total	**1.86**	1.73	**14.50**	13.50	**81.0**	75.2	**631.7**	586.6

The proposed final distribution for the year ended 31 December 2020 is subject to the approval of the Company's shareholders at the forthcoming Annual General Meeting

9. Accounts receivable, other receivables and prepayments

Included in accounts receivable, other receivables and prepayments are accounts receivable of US$679.7 million (HK$5,301.7 million) (2019: US$642.9 million or HK$5,014.6 million) with an aging profile based on the invoice date as follows:

At 31 December	2020	2019	2020	2019
	US$m	US$m	**HK$m***	HK$m*
0 to 30 days	**431.8**	464.8	**3,368.0**	3,625.4
31 to 60 days	**113.1**	93.2	**882.2**	727.0
61 to 90 days	**38.7**	18.2	**301.9**	142.0
Over 90 days	**96.1**	66.7	**749.6**	520.2
Total	**679.7**	642.9	**5,301.7**	5,014.6

Indofood generally allows customers 30 to 60 days of credit. MPIC generally allows seven to 60 days of credit for its water and sewerage service customers and 45 to 60 days of credit for its bulk water supply customers. PLP generally allows customers 30 days of credit.

10. Accounts payable, other payables and accruals

Included in accounts payable, other payables and accruals are accounts payable of US$420.6 million (HK$3,280.7 million) (2019: US$460.4 million or HK$3,591.1 million) with an aging profile based on invoice date as follows:

At 31 December	2020 US$m	2019 US$m	2020 HK$m*	2019 HK$m*
0 to 30 days	**347.2**	389.8	**2,708.2**	3,040.4
31 to 60 days	**12.4**	16.9	**96.7**	131.8
61 to 90 days	**13.1**	2.6	**102.2**	20.3
Over 90 days	**47.9**	51.1	**373.6**	398.6
Total	**420.6**	460.4	**3,280.7**	3,591.1

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

	Exchange reserve US$m	Fair value reserve of financial assets at FVOCI US$m	Unrealized (losses)/ gains on cash flow hedges US$m	Income tax related to cash flow hedges US$m	Actuarial (losses)/ gains on defined benefit pension plans US$m	Share of other comprehensive (loss)/income of associated companies and joint ventures US$m	Total US$m	Total HK$m*
At 1 January 2019	(814.9)	86.4	(19.3)	2.7	(15.1)	(126.7)	(886.9)	(6,917.8)
Other comprehensive income/ (loss) for the year	171.7	23.7	19.1	(3.2)	(1.8)	(39.1)	170.4	1,329.1
Deconsolidation of a subsidiary company	-	-	-	-	0.3	-	0.3	2.3
Disposal of an associated company	-	-	-	-	-	0.1	0.1	0.8
At 31 December 2019	(643.2)	110.1	(0.2)	(0.5)	(16.6)	(165.7)	(716.1)	(5,585.6)
At 1 January 2020	(643.2)	110.1	(0.2)	(0.5)	(16.6)	(165.7)	**(716.1)**	**(5,585.6)**
Other comprehensive income/ (loss) for the year	108.4	13.8	(8.4)	0.5	8.5	(54.5)	**68.3**	**532.7**
Attributable to a discontinued operation	-	-	-	-	(1.1)	-	**(1.1)**	**(8.6)**
Transfer to retained earnings	-	0.1	-	-	(0.2)	-	**(0.1)**	**(0.8)**
Acquisition of an interest in a subsidiary company	(2.8)	-	-	-	-	-	**(2.8)**	**(21.7)**
At 31 December 2020	**(537.6)**	**124.0**	**(8.6)**	-	**(9.4)**	**(220.2)**	**(651.8)**	**(5,084.0)**

12. Contingent liabilities

At 31 December 2020, except for guarantees of US$30.8 million (HK$240.2 million) (2019: US$41.3 million or HK$322.1 million) given by Indofood for loan facilities obtained by certain plantation farmers in relation to arrangements for those farmers' production and sale of fresh fruit bunches to Indofood, the Group had no significant contingent liabilities (2019: Nil).

13. Employee information

For the year ended 31 December	2020 US$m	2019 (Restated) US$m	2020 HK$m*	2019 (Restated) HK$m*
Employees' remuneration (including Directors' remuneration)				
Continuing operations	**803.2**	851.0	**6,265.0**	6,637.8
A discontinued operation	**28.8**	23.6	**224.6**	184.1
	832.0	874.6	**6,489.6**	6,821.9

Number of employees	2020	2019 (Restated)
At 31 December		
Continuing operations	**102,165**	100,870
A discontinued operation	**962**	966
	103,127	101,836
Average for the year		
Continuing operations	**101,534**	110,487
A discontinued operation	**959**	961
	102,493	111,448

14. Events after the reporting period

(a) On 8 December 2020, MPIC and Keppel Infrastructure Fund Management Pte. Ltd. ("KIT") entered into a sale and purchase agreement ("SPA") with Government Service Insurance System, Langoer Investments Holdings B.V. and Macquarie Infrastructure Holdings (Philippines) Pte. Limited (collectively "the Sellers") to acquire a 100% interest in Philippine Tank Storage International Holdings Inc. ("PTSI"), which wholly owns Philippine Coastal Storage and Pipeline Corporation, the largest petroleum import terminal in the Philippines, strategically located in the Subic Bay Freeport Zone in the Philippines, for a total consideration of approximately US$333.8 million (HK$2,603.6 million).

In accordance with the SPA, MPIC purchased 20% interest of PTSI for a consideration of approximately US$66.8 million (HK$521.0 million) and KIT purchased the remaining 80% interest of PTSI for a consideration of approximately US$267.0 million (HK$2,082.6 million), through Hyperion Storage Holdings Corporation ("Philippines Holdco"), which MPIC and KIT are interested in 20% and 80%, respectively. The completion of the SPA took place on 29 January 2021.

Immediately following the completion of the SPA, MPIC purchased an approximately 30% interest in Philippines Holdco from KIT for an aggregate consideration of approximately Pesos 4.1 billion (US$85.8 million or HK$669.2 million). As a result, MPIC is interested in approximately 50% of PTSI through its interest in Philippines Holdco, and the financial results of PTSI will be equity accounted for as a joint venture in the Group's consolidated financial statements.

(b) On 16 February 2021, FPM Tollway (Thailand) Limited ("FPM Tollway"), a subsidiary company of Metro Pacific Tollways Corporation ("MPTC"), entered into share purchase agreements with a group of Thailand investors/buyers to sell FPM Tollway's 100% interest in AIF Toll Roads Holdings (Thailand) Limited ("AIF Toll Roads"), which in turn owns an approximate 29.5% interest in Don Muang Tollway Public Company Limited ("DMT"), for an aggregate cash consideration of approximately US$149.3 million (HK$1,164.5 million). The transaction was completed on 19 February 2021. Following the completion of the transaction, AIF Toll Roads and DMT have ceased to be a subsidiary and associated company of the Group, respectively. A net gain on disposal of approximately US$9.0 million (HK$70.2 million) attributable to owners of the parent will be recognized in profit or loss for the year ending 31 December 2021.

(c) On 17 February 2021, PT Indofood CBP Sukses Makmur Tbk ("ICBP") acquired an additional 49% interest in PT Indofood Fritolay Makmur ("IFL"), a subsidiary company of ICBP, for a total consideration of Rupiah 494 billion (US$35.0 million or HK$273.0 million). As a result, ICBP's interest in IFL increased to 100% from 51% and IFL has become a wholly owned subsidiary company of ICBP. The Group expects to record a debit amount of approximately US$3.0 million (HK$23.4 million) directly into equity as there was no change in control in IFL.

(d) On 2 March 2021, the Company held a Special General Meeting and obtained the approval from the Company's shareholders for the proposed disposal of a 56% interest in GBPC by Beacon PowerGen to MGen. The transaction is expected to be completed on 31 March 2021. As a result, GBPC will be deconsolidated and equity accounted for as an associated company in the Group's 2021 consolidated financial statements. Also, a net gain on disposal of approximately US$30.0 million (HK$234.0 million) attributable to owners of the parent will be recognized in profit or loss for the year ending 31 December 2021.

(e) On 26 March 2021, the Corporate Recovery and Tax Incentives for Enterprises ("CREATE") bill was signed into law by the President of the Philippines. The CREATE bill would reduce the corporate income tax rate for the Group's major operating subsidiary and associated companies in the Philippines to 25% from 30% with retroactive effect from 1 July 2020. As a result, the Group's Philippine operating subsidiary and associated companies have remeasured their current and deferred tax assets and liabilities as at 31 December 2020 with an estimated net charge of approximately US$5.0 million (HK$39.0 million) to profit or loss attributable to owners of the parent for the year ending 31 December 2021.

(f) On 30 March 2021, the Board of Directors approved a three-year share repurchase program to buy back up to US$100.0 million (HK$780.0 million) of First Pacific shares from the open market, by way of "open market repurchases".

15. Comparative amounts

The comparative consolidated income statement, consolidated statement of cash flows, and certain notes have been re-presented as if the operation of GBPC discontinued in December 2020 had been discontinued at the beginning of the year of 2019 (Note 5).

16. Approval of the consolidated financial statements

The audited consolidated financial statements of the Company were approved and authorized for issue by the Board of Directors on 30 March 2021.

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

REVIEW OF OPERATIONS

FIRST PACIFIC

Below is an analysis of results by individual company.

Contribution and profit summary

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

(i) After taxation and non-controlling interests, where appropriate.
(ii) The Group has restated its 2019 turnover to US$7,585.0 million from US$8,054.7 million following the classification of GBPC as a disposal group held for sale and a discontinued operation in December 2020. Details of the change are set out in Note 5 to the consolidated financial statements.
(iii) Associated companies.
(iv) FPW Singapore Holdings Pte. Ltd. ("FPW"), a joint venture and was sold on 16 December 2019.
(v) Contribution from operations represents the recurring profit contributed to the Group by its operating companies.
(vi) Recurring profit represents the profit/(loss) attributable to owners of the parent excluding the effects of foreign exchange and derivative gains, gain on changes in fair value of biological assets and non-recurring items.
(vii) Foreign exchange and derivative gains, net represent the net gains on foreign exchange translation differences on the Group's unhedged foreign currency denominated net assets/liabilities and the changes in the fair values of derivatives.
(viii) Non-recurring items represent certain items, through occurrence or size, which are not considered as usual operating items. 2020's non-recurring losses of US$153.8 million mainly represent (a) the Group's impairment provisions for assets, including investments in RHI, property, plant and equipment, goodwill, deferred costs and others (US$74.1 million), loss on disposal of La Carlota assets (US$15.8 million) and debt refinancing costs (US$7.5 million), and (b) PLDT's manpower reduction costs (US$9.5 million) and accelerated amortization for Sun trademark (US$6.8 million), and PLP's provisions for take-or-pay obligation and onerous contracts (US$7.4 million). 2019's non-recurring losses of US$553.7 million mainly represent (a) the Group's loss on disposal of Goodman Fielder Pty Limited ("Goodman Fielder") (US$308.3 million), (b) impairment provisions for the Group's investments in PLP (US$249.5 million) and Philex's mining assets (US$37.5 million), and MPIC's investments in Maynilad Water Services Inc. ("Maynilad"), MetroPac Movers, Inc. and other water investments (US$124.2 million), (c) PLDT's manpower reduction costs (US$11.5 million), PLP's provision for onerous contracts (US$6.9 million) and RHI's write-off of deferred tax assets (US$6.7 million), partly offset by MPIC's gain on deconsolidation of Metro Pacific Hospital Holdings, Inc. ("MPHHI") (US$210.6 million).

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

Turnover down 6% to US$7.1 billion from US$7.6 billion (restated)

- higher revenues at Indofood reflecting the consolidation of Pinehill Company Limited ("Pinehill") since September 2020
- lower revenues at MPIC and FP Natural Resources due to COVID-19 related community quarantine
- lower revenues at FPM Power due to lower average selling price of electricity as a result of a decline in oil prices

Recurring profit up 11% to US$321.2 million from US$290.0 million

- higher profit contributions from Indofood, PLDT and Philex
- lower losses at FPM Power
- lower Head Office net interest expenses and corporate overhead
- partly offset by a lower profit contribution from MPIC and a higher loss at FP Natural Resources

Non-recurring losses down 72% to US$153.8 million from US$553.7 million

- reflecting the absence of the Group's loss on disposal of Goodman Fielder and impairment provisions for PLP and Maynilad
- partly offset by impairment provisions for the Group's investments in RHI and other assets, and the absence of MPIC's gain on deconsolidation of MPHHI

Reported profit of US$201.6 million versus reported loss of US$253.9 million	▪	higher recurring profit
	▪	lower non-recurring losses

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

Closing exchange rates against the U.S. dollar			
At 31 December	**2020**	2019	One year change
Rupiah	**14,105**	13,901	-1.4%
Peso	**48.02**	50.64	+5.5%
S$	**1.322**	1.346	+1.8%

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

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

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

Distributions

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

Debt Profile

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

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

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

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

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

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

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

Interest Cover

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

Interest Rate Hedging

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

Foreign Currency Hedging

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

Outlook

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

INDOFOOD

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

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

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

Debt Profile

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

Additional Investments

Acquisition of Pinehill

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

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

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

Other investments

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

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

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

Consumer Branded Products

The CBP group produces and markets a wide range of consumer branded products, offering everyday solutions to consumers of all ages across different market segments. This business group comprises the Noodles, Dairy, Snack Foods, Food Seasonings, Nutrition & Special Foods, and Beverages divisions. With over 60 plants located in key markets across Indonesia, CBP's products are available across the country and are exported to more than 80 markets around the world. Through its wholly-owned subsidiary, Pinehill, CBP group also owns 12 production facilities in eight countries in Africa, the Middle East and Southeastern Europe.

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

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

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

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

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

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

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

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

Bogasari

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

Its sales increased slightly to 23.0 trillion rupiah (US$1.6 billion), reflecting higher sales volume but partly offset by lower average selling prices. The EBIT margin improved to 7.8% from 7.1% largely as a result of lower wheat costs.

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

Agribusiness

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

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

Plantations

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

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

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

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

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

Edible Oils & Fats

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

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

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

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

Distribution

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

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

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

Outlook

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

PLDT

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

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

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

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

Capital Expenditures

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

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

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

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

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

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

Debt Profile

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

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

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

Dividends

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

Service Revenues by Business Segment

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

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

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

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

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

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

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

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

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

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

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

Outlook

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

MPIC

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

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

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

Consolidated core net income down 34% to 10.2 billion pesos (US$206.9 million) from 15.6 billion pesos (US$302.5 million)

- reflecting the impacts of limited mobility and economic contraction following the implementation of quarantine measures
- power, water and toll roads businesses remained profitable, accounting for 69%, 20% and 16%, respectively, of the consolidated profit contribution to MPIC, while a negative contribution of 5% was recorded from other businesses
- partly offset by lower MPIC head office net interest expense driven by debt reduction and refinancing
- a 9% decrease in contribution from the power business to 10.5 billion pesos (US$213.1 million) due to lower commercial and industrial power demand
- a 14% decline in contribution from the water business to 3.1 billion pesos (US$62.3 million) reflecting a lower average tariff, and lower demand from commercial and industrial customers
- a 53% decline in contribution from the toll roads business to 2.4 billion pesos (US$49.4 million) reflecting a substantial fall in traffic volumes caused by mobility restrictions
- a net loss of 709 million pesos (US$14.3 million) from light rail and other businesses, versus a net profit contribution of 515 million pesos (US$10.0 million) in 2019, reflecting a substantial decline in service demand caused by the pandemic. For hospitals, in-patient admissions and out-patient visits dropped 46% and 36%, respectively. The average daily ridership of the light rail business declined 58% during the operating periods due to mandated operating capacity limitations

Consolidated reported net income down 80% to 4.7 billion pesos (US$95.9 million) from 23.9 billion pesos (US$462.6 million)

- reflecting lower core net income
- impairment provisions for various investments/assets, while it was a non-recurring gain of 8.3 billion pesos (US$160.1 million) in 2019 mainly due to the divestment of hospitals business

Consolidated revenues down 17% to 40.9 billion pesos (US$825.5 million) from 49.3 billion pesos (US$955.5 million) (restated)

- reflecting lower revenues recorded across all businesses

Debt Profile

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

Capital Management

Dividends

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

Share Buyback Programs

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

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

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

Additional Investment/Divestments

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

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

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

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

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

Power

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

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

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

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

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

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

Energy from Waste

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

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

Water

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

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

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

MetroPac Water Investments Corporation ("MPW") is MPIC's investment vehicle for expanding water investments outside the Maynilad concession area. MPW has investments in Metro Pacific Iloilo Water Inc. ("MPIWI") and Metro Pacific Dumaguete Water Services Inc. in the Philippines, and in BOO Phu Ninh Water Treatment Plant Joint Stock Company in Vietnam.

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

Toll Roads

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

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

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

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

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

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

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

Light Rail

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

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

Healthcare

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

Outlook

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

PHILEX

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

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

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

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

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

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

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

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

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

Debt Profile

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

Dividend

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

Silangan Project

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

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

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

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

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

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

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

PXP

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

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

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

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

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

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

A joint Well Feasibility and Rock Physics project with the SC 14C2 consortium over the Linapacan and West Linapacan areas was completed in October 2019, and PXP completed a Quantitative Interpretation ("QI") study over a 400 square kilometer 3D area that includes a number of old wells. PXP's in-house seismic interpretation of the 3D seismic data incorporating the results of the QI study and the final report on biostratigraphy and geochemistry study are expected to be completed in the first half of 2021. Upon completion of the geological and geophysical studies, an offshore and onshore data integration and prospects generation will subsequently commence in late March 2021.

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

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

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

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

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

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

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

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

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

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

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

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

Debt Profile

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

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

Outlook

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

FP NATURAL RESOURCES/RHI

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

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

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

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

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

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

Core net loss up 33% to 1.1 billion pesos (US$21.8 million) from 814 million pesos (US$15.8 million)	▪ reflecting a negative alcohol margin associated with higher cost of molasses and lower production and sales volume of alcohol due to community quarantine ▪ lower production and sales volume of refined sugar due to decline in cane availability and limited supply of bagasse ▪ partly offset by lower operating expenses incurred by the assets sold on 30 September 2020 and lower finance costs
Reported net loss up 141% to 4.1 billion pesos (US$83.3 million) from 1.7 billion pesos (US$32.7 million)	▪ reflecting higher core net loss ▪ a loss on disposal of La Carlota assets and an impairment provision for goodwill in San Carlos Bioenergy, Inc.
Revenues down 33% to 7.5 billion pesos (US$150.9 million) from 11.2 billion pesos (US$217.4 million)	▪ reflecting lower sales volumes of alcohol and sugar products ▪ absence of sales generated from La Carlota assets following the disposal on 30 September 2020 ▪ partly offset by higher alcohol prices
Operating expenses down 9% to 904 million pesos (US$18.3 million) from 994 million pesos (US$19.3 million)	▪ reflecting absence of operating expense incurred by La Carlota assets
EBITDA up 173% to 71 million pesos (US$1.4 million) from 26 million pesos (US$0.5 million)	▪ reflecting lower operating expenses, despite lower gross profit
EBITDA margin to 1% from 0.2%	▪ reflecting higher EBITDA ▪ lower revenue

Asset Disposal

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

Debt Profile

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

Outlook

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

FINANCIAL REVIEW

NET DEBT AND GEARING

(A) Head Office net debt

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

Changes in Head Office net debt

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

Head Office cash flow

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

(i) Principally represent net proceeds from disposal of Goodman Fielder less investments in PLP in 2019
(ii) Mainly payments for lease liabilities and to the trustee for share purchase scheme

(B) Group net debt and gearing

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

Consolidated

US$ millions	**Net debt(i) 2020**	**Total equity 2020**	**Gearing(ii) (times) 2020**	Net debt(i) 2019	Total equity 2019	Gearing(ii) (times) 2019
Head Office	**1,319.5**	**1,621.2**	**0.81x**	1,330.6	1,740.0	0.76x
Indofood	**2,548.1**	**5,598.2**	**0.46x**	664.2	3,886.0	0.17x
MPIC	**3,762.8**	**5,079.5**	**0.74x**	3,361.0	4,842.5	0.69x
FPM Power	**468.4**	**(42.9)**	**-**	448.5	-	-
FP Natural Resources	**106.8**	**55.3**	**1.93x**	174.1	167.0	1.04x
Group adjustments(iii)	**-**	**(1,682.8)**	**-**	-	(1,877.5)	-
Total	**8,205.6**	**10,628.5**	**0.77x**	5,978.4	8,758.0	0.68x
Associated companies						
PLDT	**3,801.1**	**2,492.0**	**1.53x**	3,321.2	2,296.6	1.45x
Philex	**182.6**	**504.5**	**0.36x**	187.2	453.6	0.41x

(i) Includes short-term deposits and restricted cash
(ii) Calculated as net debt divided by total equity
(iii) Group adjustments mainly represents elimination of goodwill arising from acquisitions prior to 1 January 2001 against the Group's retained earnings and other standard consolidation adjustments to present the Group as a single economic entity.

Head Office's gearing increased because of a decrease in its equity during the year and the Company's distributions to shareholders.

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

MPIC's gearing increased because of an increase in its net debt as a result of its payments for capital expenditure and concession fees, shares buyback and instalment payments for its acquisition of 50% interest in Beacon Electric Asset Holdings, Inc. from PLDT Communications and Energy Ventures, Inc., despite a reclassification of GBPC's bank borrowings to liabilities of a disposal group, its operating cash inflow, dividends received from Meralco and proceeds from divestments of 19.2% interest in LRMC and 10.3% interest in MUN, and the second and final instalments received from the divestment of 40.1% interest in MPHHI, partly offset by an increase in its equity as a result of its profit recorded during the year.

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

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

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

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

MATURITY PROFILE

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

Consolidated

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

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

Associated companies

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

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

CHARGES ON GROUP ASSETS

At 31 December 2020, certain bank and other borrowings, including those reclassified to liabilities of a disposal group, were secured by the Group's property, plant and equipment, accounts and other receivables, cash and cash equivalents, inventories and assets classified as held for sale amounting to net book values of US$1,711.5 million (2019: US$2,040.5 million) and the interests of the Group's 56% (2019: 56%) in GBPC, 55% (2019: 55%) in LRMC, 100% (2019: 100%) in MPCALA Holdings, Inc., 100% (2019: 100%) in Cebu Cordova Link Expressway Corporation, 35% (2019: 35%) in PT Jakarta Lingkar Baratsatu, 88.9% (2019: 88.9%) in PT Bintaro Serpong Damai, 99.5% (2019: 99.5%) in PT Bosowa Marga Nusantara, 99.4% (2019: 99.4%) in PT Jalan Tol Seksi Empat, 61.2% in PT Inpola Meka Energi (2019: nil), 70% (2019: 70%) in PLP, nil (2019: 12%) in PLDT, nil (2019: 100%) in AIF Toll Roads and nil (2019: 29.5%) in DMT.

FINANCIAL RISK MANAGEMENT

FOREIGN CURRENCY RISK

(A) Company risk

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

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

With the exception of the Head Office, the principal components of the Group's net asset value ("NAV") mainly relate to investments denominated in the rupiah and the peso. Accordingly, any change in these currencies, against their respective 31 December 2020 exchange rates, would have an effect on the Group's NAV in U.S. dollar terms.

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

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

(i) Based on quoted share prices at 31 December 2020 applied to the Group's economic interests
(ii) Based on quoted share price of RHI at 31 December 2020 applied to the Group's effective economic interest
(iii) Represents the carrying amount of SMECI's notes

(B) Group risk

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

NET DEBT BY CURRENCY

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

Consolidated

US$ millions	US$	Rupiah	Peso	S$	Others	**Total**
Total borrowings	3,572.6	1,544.3	4,551.3	522.8	442.6	**10,633.6**
Cash and cash equivalents[(i)]	(629.5)	(690.5)	(1,041.0)	(20.1)	(46.9)	**(2,428.0)**
Net debt	2,943.1	853.8	3,510.3	502.7	395.7	**8,205.6**
Representing:						
Head Office	1,341.8	-	(19.9)	-	(2.4)	**1,319.5**
Indofood	1,494.9	741.1	-	22.7	289.4	**2,548.1**
MPIC	119.3	112.7	3,422.1	-	108.7	**3,762.8**
FPM Power	(11.6)	-	-	480.0	-	**468.4**
FP Natural Resources	(1.3)	-	108.1	-	-	**106.8**
Net debt	2,943.1	853.8	3,510.3	502.7	395.7	**8,205.6**

Associated companies

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

(i) Includes short-term deposits and restricted cash

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

US$ millions	Total US$ exposure	Hedged amount	Unhedged amount	Profit effect of 1% change in currency	**Group net profit effect**
Head Office[(i)]	1,341.8	-	1,341.8	-	**-**
Indofood	1,494.9	-	1,494.9	15.0	**5.8**
MPIC	119.3	-	119.3	1.2	**0.4**
FPM Power	(11.6)	-	(11.6)	(0.1)	**(0.0)**
FP Natural Resources	(1.3)	-	(1.3)	(0.0)	**(0.0)**
PLDT	521.2	(17.7)	503.5	5.0	**0.9**
Philex	18.3	-	18.3	0.2	**0.1**
Total	**3,482.6**	**(17.7)**	**3,464.9**	**21.3**	**7.2**

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

EQUITY MARKET RISK

As the majority of the Company's investments are listed, the Company is exposed to fluctuations in the equity market values of such investments. In addition, the value of the Company's investments may be impacted by sentiment towards specific countries.

INTEREST RATE RISK

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

Consolidated

US$ millions	Fixed interest rate borrowings[(i)]	Variable interest rate borrowings[(i)]	Cash and cash equivalents[(ii)]	**Net debt**
Head Office	1,052.7	378.2	(111.4)	**1,319.5**
Indofood	141.6	3,635.6	(1,229.1)	**2,548.1**
MPIC	4,317.2	500.9	(1,055.3)	**3,762.8**
FPM Power	-	497.0	(28.6)	**468.4**
FP Natural Resources	84.3	26.1	(3.6)	**106.8**
Total	5,595.8	5,037.8	(2,428.0)	**8,205.6**
Associated companies				
PLDT	3,992.5	646.5	(837.9)	**3,801.1**
Philex	170.4	37.0	(24.8)	**182.6**

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

(ii) Includes short-term deposits and restricted cash

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

US$ millions	Total variable interest rate borrowings	Profit effect of 1% change in interest rates	**Group net profit effect**
Head Office	378.2	3.8	**3.8**
Indofood	3,635.6	36.3	**14.2**
MPIC	500.9	5.0	**1.5**
FPM Power	497.0	5.0	**1.7**
FP Natural Resources	26.1	0.3	**0.1**
PLDT	646.5	6.4	**1.2**
Philex	37.0	0.4	**0.1**
Total	**5,721.3**	**57.2**	**22.6**

ADJUSTED NAV PER SHARE

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

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

(i) Based on quoted share prices applied to the Group's economic interests

(ii) Based on quoted share price of RHI applied to the Group's effective economic interest

(iii) Represents the carrying amount of SMECI's notes

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

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

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

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

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

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

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

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

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

CORPORATE GOVERNANCE

Corporate Governance Practices

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

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

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

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

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

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

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

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

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

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

As an investment management and holding company, the Company does not have a separate internal audit department but has a Risk Assessment Committee consisting of one Executive Director and six senior executives which oversees risk management at the Head Office. Also, each of the Group's major operating companies are required to have their own internal audit and risk management functions responsible for the implementation and monitoring of effective internal control systems for operational, financial and regulatory compliance, and risk management. The Company obtains, as part of its regular internal reporting processes, written reports and confirmations from our major operating units' audit and/or risk management committees regarding the work they undertake and any significant matters arising therefrom. The reports and confirmations received from the individual audit and/or risk management committees are collated by the Company's Risk Assessment Committee and presented to and discussed with the Company's Audit and Risk Management Committee bi-annually. In addition, the Company's management also attends and participates directly in a number of the major operating units' audit and/or risk management committees. Accordingly, the Company relies on a combination of its regular internal reporting processes and Group resources to provide internal audit and risk management functions and, therefore, does not consider it necessary to maintain a separate internal audit function. The Company will review the need for such a function on an annual basis.

Compliance of the Model Code for Securities Transactions by Directors of Listed Issuers
The Company has adopted its own Model Code for Securities Transactions by Directors (the Model Code) on terms no less exacting than the required standards of the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules. All Directors have confirmed, following specific enquiries by the Company, that they have complied with the required standards set out in the Model Code for the year ended 31 December 2020.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Risk Management and Internal Control

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

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

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

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

During the year ended 31 December 2020, the Audit and Risk Management Committee reviewed and advised that:

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

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

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

AUDIT OPINION

The auditor has expressed an unqualified opinion on the Group's financial statements for the year ended 31 December 2020 in their report dated 30 March 2021.

REVIEW STATEMENT BY THE AUDIT AND RISK MANAGEMENT COMMITTEE

The Audit and Risk Management Committee has reviewed the 2020 annual results, including the accounting policies and practices adopted by the Group. The Audit and Risk Management Committee also has discussed financial reporting, auditing, risk management and internal control matters with the Company's management and its external auditor.

FINAL DISTRIBUTION

The Board has recommended a final cash distribution of HK7.5 cents (US0.96 cent) per ordinary share. Subject to approval by Shareholders at the 2021 Annual General Meeting (AGM), the final distribution will be paid in cash in a currency to be determined based on the registered address of each Shareholder on the Company's Register of Members as follows: Hong Kong dollars for Shareholders with registered addresses in Hong Kong, Macau and PRC, Sterling pounds for Shareholders with registered addresses in the United Kingdom and US dollars for Shareholders with registered addresses in all other countries. It is expected that the distribution warrants will be dispatched to Shareholders on or about Monday, 5 July 2021.

CLOSURE OF REGISTER OF MEMBERS

1. **Annual General Meeting**

   The Register of Members will be closed from Monday, 7 June 2021 to Thursday, 10 June 2021, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for attending and voting at the AGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's Hong Kong Branch Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on Friday, 4 June 2021.

2. **Proposed Final Distribution**

   Upon Shareholders' approval of the proposed final distribution, the Register of Members will be closed from Friday, 18 June 2021 to Tuesday, 22 June 2021, both days inclusive, during which period no transfer of shares will be registered. The ex-dividend date will be Wednesday, 16 June 2021. In order to qualify for the proposed final distribution, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's Hong Kong Branch Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on Thursday, 17 June 2021. The final distribution will be paid to Shareholders whose names appear on the Register of Members on Tuesday, 22 June 2021 and the payment date will be on or about Monday, 5 July 2021.

AGM

The AGM will be held at Mandarin Oriental, Hong Kong on Thursday, 10 June 2021 at 2:30 p.m. A circular to Shareholders containing, among others, the Notice of AGM, will be uploaded to the websites of the Company (www.firstpacific.com) and the SEHK (www.hkexnews.hk), and be despatched to those Shareholders requiring printed copies by the end of April 2021.

Results Announcement and Annual Report

This annual results announcement is published on the website of the Company (www.firstpacific.com) and the website of SEHK (www.hkexnews.hk). The 2020 annual report containing all the information required by the Listing Rules will be uploaded to the above websites and be despatched to those Shareholders requiring printed copies by the end of April 2021.

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

Hong Kong, 30 March 2021

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

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

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