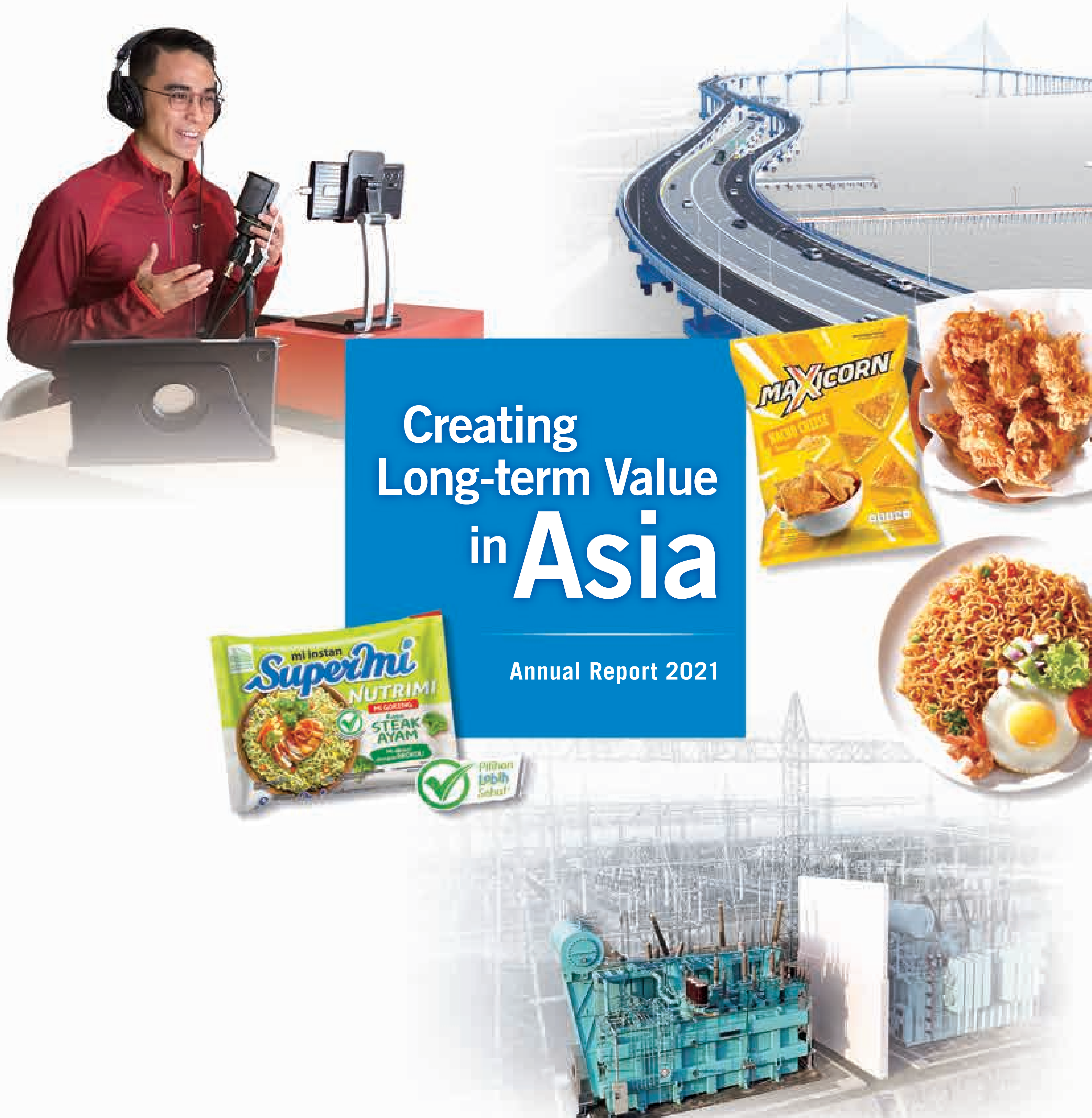
FIRST PACIFIC

First Pacific Company Limited

Stock Code: 00142



Creating Long-term Value in Asia

Annual Report 2021

Corporate Profile

FIRST PACIFIC is a Hong Kong-based investment holding company with investments located in Asia-Pacific. The Company's principal investments are in consumer food products, telecommunications, infrastructure and natural resources.

Our **mission** is to unlock value by:

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

Our **investment criteria** are clear:

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

Our **strategies** are three-fold:

- Identify undervalued or underperforming assets with strong growth potential and possible synergies
- Helping our investments set strategic direction, develop business plans, and define targets
- Raise reporting and ESG standards to world-class levels at First Pacific and its investments

Contents

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

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

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

As at 30 March 2022, First Pacific's economic interest in Indofood is 50.1%, in PLDT 25.6%, in MPIC 44.6%, in Philex 31.2%[1], in PXP 35.7%[1][2], in FPM Power Holdings Limited ("FPM Power") 68.1%[3] and in FP Natural Resources Limited ("FP Natural Resources") 80.8%[4].

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

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

(3) Includes a 8.1% effective economic interest in FPM Power held through First Pacific's indirect interests in Manila Electric Company ("Meralco").

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

Key Corporate Events in a 40-year Journey

In the 40 years of **First Pacific**, we have been learning and growing through the entire experience of building and evolving what many regard as one of the finest investment holding companies in Asia-Pacific.

1981

- First Pacific Finance Limited was founded as a financial services provider in Hong Kong (deposit-taking company or aka finance house). Start-up capital was HK$7 million (US$0.9 million) with a total staff of six (6) in a 50 sq. m. office in Central, Hong Kong. Original name was Overseas Union Finance Limited

1982-87

- Acquired Hibernia Bank in San Francisco, a controlling interest in Hagemeyer, the Netherlands, invested in Berli Jucker in Thailand, First Pacific Davies in Hong Kong, United Savings Bank in California, Hong Nin Bank in Hong Kong and founded Metro Pacific Corporation in the Philippines

1988

- First Pacific Holdings and First Pacific International merged to form the currently listed First Pacific Company (using Shanghai Land of the Kadoorie Family as the listed shell)
- First investment in telecoms with the purchase of a 50% interest in Pacific Link, Hong Kong. Acquired Dragon Seed Department Store in Hong Kong, set up retail operations (System One for electronic appliances and Sports Authority for sporting goods)

1989

- Acquired a controlling interest in Imagineering Australia thereafter named Tech Pacific

1992

- Acquired Far East Bank and merged it with Hong Nin Bank, renamed and listed as First Pacific Bank in Hong Kong

1988-96

- First Pacific showed significant growth in marketing and distribution, property and banking divisions; and pioneered in regional telecoms investments

1993-96

- Smart Communications launched cellular services in the Philippines. NTT of Japan invested in Smart Communications as a strategic investor. Acquired PDCP Bank and First e-Bank in the Philippines
- Invested in GSM networks in China's Fujian Province, Shenzhen, Dongguan and Huizhou and in Taiwan's Tuntex Telecom, rolled out GSM mobile networks in India through Escotel

1996

- First Pacific became a constituent of the Hang Seng Index

1998

- With the Asian crisis, First Pacific restructured and refocused in Asia with core investments in leading companies in telecoms, consumer food products and infrastructure sectors

1998-2000

- Acquired PLDT in the Philippines and Indofood in Indonesia. Concluded acquisition of Smart by PLDT

2006

- Relisted MPIC as an infrastructure company

2007

- Increased investment in PLDT. Invested in water distribution (Maynilad) and hospital (Makati Medical Center) through MPIC. Listed Indofood's plantations businesses through IndoAgri. IndoAgri acquired Lonsum (plantations)

2008

- First Pacific made its first investments in mining (Philex), and in toll roads (MPTC) through MPIC. MPIC increased investment in Maynilad
- Indofood added dairy business through the acquisition of Indolakto

2009

- Invested in electricity distribution (Meralco) through PLDT and MPIC. Increased investment in Philex

2010

- Increased investments in Meralco through Beacon Electric (PLDT and MPIC), in hospitals through MPIC and in Philex. Listed Indofood's consumer branded products businesses through ICBP

2011

- Increased investments in telecoms through PLDT's acquisition of Digitel, in Meralco through Beacon Electric, in hospitals through MPIC. Listed natural resources businesses through Philex Petroleum (thereafter named PXP, oil and gas exploration) and SIMP (plantations)

2012

- Increased investments in Meralco through Beacon Electric, in Philippine Hydro Inc. through Maynilad, in CAVITEX through MPTC, in hospitals through MPIC, in consumer products through Indofood, in plantations through IndoAgri, SIMP and Lonsum

2013

- FPM Power acquired 70% of PLP
- FPM Infrastructure acquired 29.45% of Don Muang Tollway ("DMT")
- FP Natural Resources acquired 34% of RHI

2014

- First Pacific sold its 75% interest in FPM Infrastructure to MPIC, lifted MPIC stake in DMT to 29.45%

2015

- First Pacific acquired 50% of Goodman Fielder
- FP Natural Resources and its Philippine affiliate increased investment in RHI to 50.9%

2016

- Metro Pacific Holdings, Inc. (("MPHI"), a Philippine affiliate of First Pacific) sold 4.1% diluted interest in MPIC to GT Capital Holdings, Inc. and subscribed newly issued Class A voting preferred shares in MPIC. Post transactions, MPHI holds a voting interest in MPIC of 55% and an economic interest of 42%
- MPIC expanded its power portfolio by increasing its interest in Beacon Electric to 75% from 50% and invested in Global Business Power Corporation

2017

- MPIC acquired the remaining 25% interest in Beacon Electric which became a wholly-owned subsidiary of MPIC

2019

- First Pacific sold its 50% interest in Goodman Fielder to Wilmar International Limited
- MPIC sold its 40% interest in Metro Pacific Hospital Holdings, Inc. to KKR & Co. Inc.

2020

- ICBP acquired the entire issued share capital of Pinehill Company Limited

2021

- MPIC's Beacon PowerGen sold its 56% interest in Global Business Power Corporation to Meralco PowerGen Corporation
- MPIC sold its 29.45% interest in DMT to investors in Thailand

Ten-year Statistical Summary

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Results (US$ millions)										
Turnover	**9,103.2**	7,130.5	7,585.0	7,233.3	7,037.9	6,779.0	6,437.0	6,841.3	6,005.8	5,990.8
Profit for the year	**895.7**	667.6	121.1	608.7	561.3	517.8	418.9	503.2	620.9	834.9
Profit/(loss) attributable to owners of the parent	**333.3**	201.6	(253.9)	131.8	120.9	103.2	80.6	75.7	235.3	353.3
Contribution from operations	**506.4**	409.7	395.6	393.9	420.5	400.2	426.5	455.7	467.2	460.8
Recurring profit	**426.5**	321.2	290.0	289.5	300.0	264.9	287.5	316.9	327.1	358.0
Ordinary share distributions/dividends	**104.6**	81.0	75.2	74.8	74.7	74.5	74.2	115.7	116.1	103.8
Per Ordinary Share Data (U.S. cents)										
Basic earnings/(loss)	**7.72**	4.65	(5.85)	3.04	2.80	2.42	1.89	1.76	5.66	9.01
Basic recurring earnings	**9.88**	7.40	6.68	6.68	6.96	6.21	6.74	7.39	7.87	9.13
Distributions/dividends	**2.43**	1.86	1.73	1.73	1.73	1.73	1.73	2.70	2.70	2.70
Equity attributable to owners of the parent	**77.09**	72.27	67.41	71.02	74.32	72.68	71.93	78.08	81.44	84.65
Total assets	**620.85**	620.12	503.64	481.38	471.08	402.07	402.93	378.67	360.68	362.80
Tangible assets	**379.22**	383.21	372.50	359.45	361.58	300.82	305.12	295.40	281.00	281.45
Net cash flows from operating activities	**28.82**	23.86	33.51	16.91	17.96	17.11	15.21	19.48	17.41	25.54
Financial Ratios										
Gross margin (%)	**31.07**	32.37	30.11	28.02	29.34	29.57	27.86	27.59	29.31	31.08
Recurring return on average net assets (%)	**10.62**	8.99	10.47	9.00	9.47	9.23	9.24	10.13	10.18	11.83
Recurring return on average equity attributable to owners of the parent (%)	**13.25**	10.59	9.65	9.17	9.47	8.57	8.96	9.24	9.69	11.43
Distribution/dividend payout ratio (%)	**24.53**	25.21	25.93	25.84	25.03	28.12	25.81	36.51	35.49	28.99
Distribution/dividend cover (times)	**4.08**	3.97	3.86	3.87	4.02	3.56	3.87	2.74	2.82	3.45
Distribution/dividend yield (%)	**6.62**	5.87	5.09	4.45	2.53	2.50	2.64	2.74	2.38	2.49
Interest cover (times)	**4.33**	3.99	4.24	4.06	4.31	4.18	3.87	4.29	4.77	6.29
Current ratio (times)	**1.26**	1.24	1.12	1.03	1.32	1.24	1.39	1.69	1.72	1.78
Gearing ratio (times)										
– Consolidated	**0.74**	0.77	0.68	0.78	0.66	0.54	0.64	0.47	0.43	0.30
– Company	**0.99**	0.81	0.76	0.76	0.83	0.75	0.79	0.56	0.51	0.67

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Consolidated Statement of Financial Position Data (US$ millions)										
Total assets	**26,566.7**	26,943.6	21,882.5	20,901.5	20,454.5	17,215.4	17,199.0	16,233.4	15,544.1	13,886.7
Net debt	**7,865.5**	8,205.6	5,978.4	6,783.9	5,731.4	4,338.0	4,667.9	3,455.9	3,182.5	2,145.8
Total liabilities	**15,953.6**	16,315.1	13,124.5	12,191.1	11,712.0	9,181.1	9,864.6	8,822.1	8,064.6	6,636.0
Net current assets	**1,182.4**	1,147.7	525.3	120.2	1,041.0	646.9	1,186.2	1,944.6	1,672.3	1,613.9
Total assets less current liabilities	**21,941.9**	22,112.8	17,385.2	16,761.2	17,198.5	14,493.6	14,130.4	13,420.2	13,213.4	11,817.1
Equity attributable to owners of the parent	**3,298.6**	3,140.0	2,928.7	3,083.6	3,227.1	3,112.0	3,070.2	3,347.2	3,509.9	3,240.0
Total equity	**10,613.1**	10,628.5	8,758.0	8,710.4	8,742.5	8,034.3	7,334.4	7,411.3	7,479.5	7,250.7
Consolidated Statement of Cash Flows Data (US$ millions)										
Net cash flows from operating activities	**1,245.9**	1,036.6	1,455.5	734.1	776.1	731.4	650.0	835.8	723.9	1,002.0
Capital expenditure	**1,104.3**	1,065.6	1,376.5	1,236.0	1,063.0	696.7	830.8	636.4	899.7	701.6
Other Information (at 31 December)										
Head Office net debt (US$ millions)	**1,322.2**	1,319.5	1,330.6	1,550.2	1,521.8	1,511.3	1,675.3	1,227.5	1,160.3	1,133.8
Number of shares in issue (millions)	**4,279.1**	4,344.9	4,344.9	4,342.0	4,342.0	4,281.7	4,268.5	4,287.0	4,309.7	3,827.6
Weighted average number of shares in issue during the year (millions)	**4,323.6**	4,344.9	4,344.1	4,342.0	4,320.2	4,275.8	4,274.2	4,299.1	4,157.4	3,922.7
Share price (HK$)										
– After rights issue	**2.87**	2.47	2.65	3.02	5.30	5.42	5.14	7.69	8.82	8.32
– Before rights issue	**N/A**	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	8.51
Adjusted NAV per share (HK$)										
– After rights issue	**7.34**	7.23	6.30	7.26	10.26	10.45	9.67	13.24	12.57	15.09
– Before rights issue	**N/A**	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	15.43
Share price discount to adjusted NAV per share (%)	**60.9**	65.8	57.9	58.4	48.3	48.1	46.8	41.9	29.8	44.8
Market capitalization (US$ millions)	**1,574.5**	1,375.9	1,476.2	1,681.1	2,950.3	2,975.2	2,812.8	4,226.5	4,873.3	4,176.0
Number of shareholders	**4,452**	4,478	4,494	4,500	4,530	4,760	4,796	4,853	4,884	4,606
Number of employees	**100,120**	103,127	101,836	110,394	102,530	94,189	96,446	98,107	91,874	80,941

See pages 220 and 221 for a glossary of terms

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

Financial Highlights

US$ **9.1** b
Turnover ↑ 28%

US$ **426.5** m
Recurring profit ↑ 33%

US$ **333.3** m
Reported profit ↑ 65%

US$ **3.3** b
Equity attributable to owners of the parent ↑ 5%

US$ **26.6** b
Total assets ↓ 1%

US$ **1.6** b
Market capitalization ↑ 14%

Profit Contribution from Operations at ↑ 24%

US$ **506.4** m

By country

49 %
Philippines
↑ 14% to US$247.6m

47 %
Indonesia
↑ 22% to US$237.0m

4 %
Singapore
From -US$2.5m to US$21.8m

By sector

45 %
Consumer food products
↑ 24% to US$228.1m

27 %
Telecommunications
↑ 3% to US$139.1m

24 %
Infrastructure
↑ 46% to US$119.9m

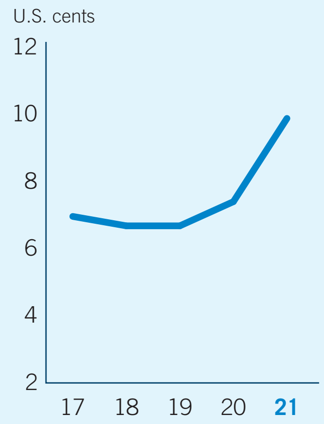
4 %
Natural resources
↑ 141% to US$19.3m

- Distribution payout at US$104.6 million or 25% of recurring profit
- Bought back and cancelled 65.8 million shares at US$23.8 million
- Head Office dividend and fee income from investee companies at US$204.4 million
- Early redeemed US$120.5 million principal amount of bonds
- Head Office net interest expense at US$51.3 million
- Head Office net debt at approximately US$1.3 billion

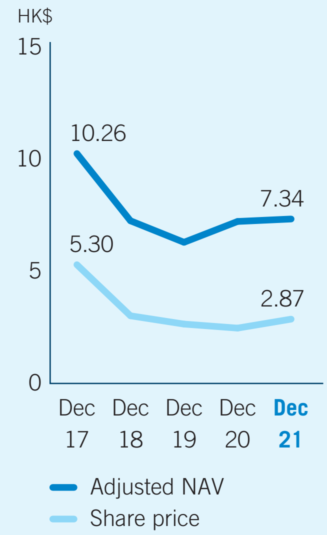
Five-year Data

(Per share)

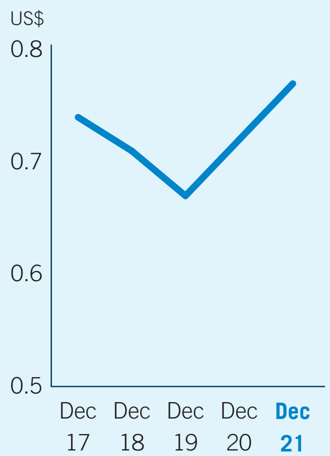
Basic Recurring Earnings



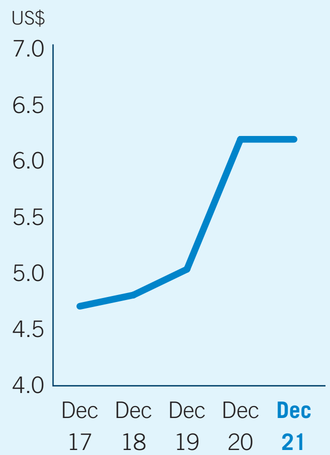
Share Price vs Adjusted NAV



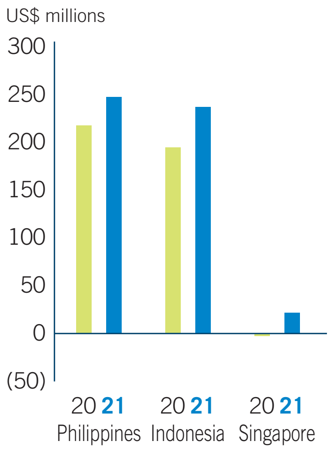
Equity attributable to owners of the parent



Total Assets



Contribution by Country



Contribution and Profit Summary

For the year ended 31 December US$ millions	Turnover 2021	Turnover 2020	Contribution to Group profit[i] 2021	Contribution to Group profit[i] 2020
Indofood	**6,925.9**	5,583.1	**237.0**	194.4
PLDT[ii]	**–**	–	**139.1**	134.9
MPIC	**882.5**	825.5	**98.1**	84.8
Philex[ii]	**–**	–	**19.3**	8.0
FPM Power	**1,194.5**	571.0	**21.8**	(2.5)
FP Natural Resources	**100.3**	150.9	**(8.9)**	(9.9)
Contribution from Operations[iii]	**9,103.2**	7,130.5	**506.4**	409.7
Head Office items:				
– Corporate overhead			**(20.8)**	(19.7)
– Net interest expense			**(51.3)**	(60.0)
– Other expenses			**(7.8)**	(8.8)
Recurring Profit[iv]			**426.5**	321.2
Foreign exchange and derivative (losses)/gains, net[v]			**(24.2)**	34.1
Gain on changes in fair value of biological assets			**1.8**	0.1
Non-recurring items[vi]			**(70.8)**	(153.8)
Profit Attributable to Owners of the Parent			**333.3**	201.6

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

(ii) Associated companies.

(iii) Contribution from operations represents the recurring profit contributed to the Group by its investee companies.

(iv) Recurring profit represents the profit attributable to owners of the parent excluding the effects of foreign exchange and derivative (losses)/gains, gain on changes in fair value of biological assets and non-recurring items.

(v) Foreign exchange and derivative (losses)/gains, net represent the net (losses)/gains on foreign exchange translation differences on the Group's unhedged foreign currency denominated net liabilities/assets and the changes in the fair values of derivatives.

(vi) Non-recurring items represent certain items, through occurrence or size, which are not considered as usual operating items. 2021's non-recurring losses of US$70.8 million mainly represent the Group's impairment provisions for investments and network assets and provision for claims (US$88.6 million), and the Group's debt refinancing costs (US$5.7 million), partly offset by MPIC's gains on deconsolidation of GBPC (US$28.3 million) and disposal of Don Muang Tollway Public Company Limited ("DMT") (US$9.4 million). 2020's non-recurring losses of US$153.8 million mainly represent (a) the Group's impairment provisions for assets, including investments in RHI, property, plant and equipment, goodwill, deferred costs and others (US$74.1 million), loss on disposal of RHI's sugar mill, ethanol plant and other assets in La Carlota, Negros Occidental ("La Carlota assets") (US$15.8 million) and debt refinancing costs (US$7.5 million), and (b) PLDT's manpower reduction costs (US$9.5 million) and accelerated amortization for Sun trademark (US$6.8 million), and PLP's provisions for take-or-pay obligation and onerous contracts (US$7.4 million).

First Pacific recorded its strongest-ever earnings in 2021 notwithstanding pressures from the continuing COVID-19 pandemic, driven by improved contributions from all invested companies, with total contribution from investments rising 24% to US$506.4 million. Turnover and recurring profit rose to record highs in 2021, the year of First Pacific's 40th anniversary.

Growth was led by Indofood with its first full-year contribution from Pinehill Company Limited ("Pinehill") and higher crude palm oil ("CPO") prices. PLP swung to a profit as electricity demand growth outpaced the limited gas supply. PLDT benefitted from continuing strong growth in demand for data services, led by the residential broadband offered by its Home business. As the Philippines gradually lifted movement restrictions, MPIC's several businesses returned to growth. Philex benefitted from surging metal prices, particularly for copper.

Turnover up 28% to US$9.1 billion from US$7.1 billion	■ reflecting higher revenues at Indofood with the first full-year contribution from Pinehill acquired on 27 August 2020 ■ substantially higher average selling price per unit of electricity at PLP as a result of high selling prices in the second half of 2021 and higher sales volumes ■ higher revenues at MPIC due to a gradual economic recovery as a result of relaxation of quarantine measures
Recurring profit up 33% to US$426.5 million from US$321.2 million	■ reflecting higher profit contributions from Indofood, PLDT, MPIC and Philex ■ a turnaround of PLP with a profit contribution versus a loss in 2020 ■ lower Head Office net interest expenses
Non-recurring losses down 54% to US$70.8 million from US$153.8 million	■ reflecting gains on the deconsolidation of GBPC in the Philippines and the disposal of DMT in Thailand ■ lower impairment provisions made by the Group ■ the absence of loss on disposal of RHI's La Carlota assets
Reported profit up 65% to US$333.3 million from US$201.6 million	■ higher recurring profit ■ lower non-recurring losses ■ partly offset by a net foreign exchange and derivative loss associated with the depreciation of the peso and rupiah versus a gain in 2020

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	**2021**	2020	One year change
Rupiah	**14,269**	14,105	-1.1%
Peso	**51.00**	48.02	-5.8%
S$	**1.349**	1.322	-2.0%

Average exchange rates against the U.S. dollar For the year ended 31 December	**2021**	2020	One year change
Rupiah	**14,344**	14,639	+2.1%
Peso	**49.36**	49.49	+0.3%
S$	**1.344**	1.377	+2.5%

During 2021, the Group recorded net foreign exchange and derivative losses of US$24.2 million (2020: gains of US$34.1 million), which can be further analyzed as follows:

US$ millions	**2021**	2020
Head Office	**(9.2)**	3.7
Indofood	**(4.6)**	26.8
PLDT	**(8.8)**	5.0
MPIC	**(1.0)**	(3.7)
Philex	**(0.3)**	0.6
FPM Power	**(0.3)**	1.7
Total	**(24.2)**	34.1

Capital Management

Distributions

First Pacific's Board of Directors declared a final distribution of HK 10.0 cents (U.S. 1.28 cent) (2020: HK 7.5 cents (U.S. 0.96 cent)) per share which brings the total distribution for 2021 to HK 19.0 cents (U.S. 2.43 cents) per share, up 31% from HK 14.5 cents (U.S. 1.86 cents) in 2020. The full-year distribution represents a payout ratio of approximately 25% (2020: 25%) of 2021 recurring profit, marking the 12th consecutive year that First Pacific has distributed 25% of recurring profit to its shareholders, beginning in 2010 and continuing every year since.

Capital allocation will remain a combination of distributions and share repurchases taking into consideration economic conditions in the markets of the Group's investee companies and Head Office finances.

Share Repurchase Program

On 30 March 2021, the Board approved a share repurchase program to buy back US$100 million of First Pacific shares from the open market over three years. The program reflects management's commitment to enhancing shareholder returns.

From April to December 2021, First Pacific repurchased approximately 65.8 million shares at an average price of HK$2.81 (US$0.36) per share with a total cost of approximately HK$185.1 million (US$23.8 million).

In 2022, during the period up to 25 February, First Pacific repurchased approximately 9.8 million shares at an average price of HK$3.02 (US$0.39) per share with a total cost of approximately HK$29.6 million (US$3.8 million). All repurchased shares were subsequently cancelled.

Debt Profile

On 30 November 2021, First Pacific completed the early redemption of the remaining outstanding principal amount of US$120.5 million 7-year 5.75% coupon unsecured guaranteed bonds issued by a wholly-owned subsidiary of First Pacific, FPC Capital Limited, in 2018.

As at 31 December 2021, Head Office gross debt stood at approximately US$1.4 billion with an average maturity of 3.3 years. Net debt was at approximately US$1.3 billion. Approximately 65% of the Head Office borrowings were at fixed rates while floating rate bank loans comprised the remainder. The blended interest rate was approximately 3.2% per annum. All Head Office borrowings are unsecured.

As at 30 March 2022, the principal amounts of the following two bonds remained outstanding:

- US$357.8 million 10-year at 4.5% coupon with maturity on 16 April 2023
- 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.

Operating Cashflow and Interest Cover

For 2021, Head Office operating cash inflow before interest expense and tax increased 8% to US$185.8 million from US$172.6 million for 2020, principally due to an increase in PLDT dividends received.

Net cash interest expense declined 11% to US$49.3 million from US$55.2 million, reflecting lower blended interest costs on borrowings arising from the refinancing of loans and the redemption of a bond in 2020. For the 12 months ended 31 December 2021, the cash interest cover was approximately 3.8 times.

Foreign Currency Hedging

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

Outlook

First Pacific's Philippine investments are expected to benefit from continuing economic growth and increasing purchasing power of Philippine consumers. Indofood expects continuing sales and profit growth in 2022 but turbulence in soft commodity prices may potentially impact its margins and earnings growth.

Indofood
THE SYMBOL OF QUALITY FOODS

PROFIT CONTRIBUTION

US$**237.0**million

Review of Operations

Indofood's wide variety of well priced consumer food product offerings coupled with its extensive and highly responsive distribution system were key to double-digit sales growth in all four major businesses, significantly boosted by the first full year of contribution from Pinehill following the August 2020 acquisition of this noodle maker based in the Middle East, Africa, and South-eastern Europe.

Indofood's contribution to the Group increased 22% to a record high of US$237.0 million (2020: US$194.4 million) principally reflecting higher core profit and a 2% appreciation of the average rupiah exchange rate against the U.S. dollar.

Core profit up 35% to 8.0 trillion rupiah (US$561.1 million) from 6.0 trillion rupiah (US$407.1 million)	■ reflecting improved performance across all business groups ■ strong performance of the Consumer Branded Products ("CBP") group mainly driven by volume growth in domestic and overseas markets ■ higher profit of the Agribusiness group on higher CPO prices ■ partly offset by higher net financing costs
Net income up 18% to 7.6 trillion rupiah (US$532.8 million) from 6.5 trillion rupiah (US$441.0 million)	■ reflecting higher core profit ■ partly offset by a net foreign exchange loss versus a gain in 2020
Consolidated net sales up 22% to 99.3 trillion rupiah (US$6.9 billion) from 81.7 trillion rupiah (US$5.6 billion)	■ driven by higher sales of all business groups
Gross profit margin stable at 32.7%	■ reflecting higher average selling prices of most products at the CBP, Bogasari and Agribusiness groups ■ offset by higher raw material costs
Consolidated operating expenses up 12% to 15.6 trillion rupiah (US$1.1 billion) from 13.9 trillion rupiah (US$947.0 million)	■ reflecting higher selling expenses, driven by higher sales
EBIT margin to 17.0% from 15.8%	■ reflecting lower operating expenses to sales ratio

Debt Profile

On 9 June 2021, PT Indofood CBP Sukses Makmur Tbk ("ICBP") issued two global bonds for a total of US$1.75 billion for partial refinancing of bank loans associated with the acquisition of Pinehill. US$1.15 billion of the bond issuance is a 10-year bond with a coupon of 3.398% and the remaining US$600 million is a 30-year bond with a coupon of 4.745%.

On 27 October 2021, ICBP issued another two global bonds for a total of US$1.0 billion. US$600 million of the bond issuance is a 10.5-year bond with a coupon of 3.541% and the remaining US$400 million is a 30.5-year bond with a coupon of 4.805%.

The bonds are the first-ever 30-year or longer issued by a domestic Indonesian corporate.

ICBP obtained a rating of "$_{Id}$Baa3" and "$_{Id}$BBB-" from Moody's and Fitch, respectively.

As at 31 December 2021, Indofood's gross debt was 16% higher than a year earlier at 61.8 trillion rupiah (US$4.3 billion) versus 53.3 trillion rupiah (US$3.8 billion) as at 31 December 2020. Of this total, 28% matures within the year and the remainder matures between 2023 and April 2052, while 29% was denominated in rupiah and the remaining 71% was denominated in foreign currencies.

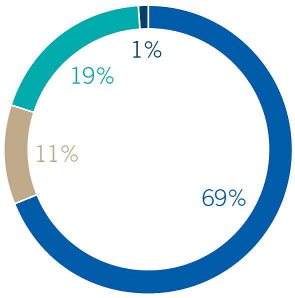
Additional Investments

In January 2021, Indofood's subsidiary PT Salim Ivomas Pratama Tbk ("SIMP") completed the transaction of increasing its effective economic interest in PT Mentari Subur Abadi to approximately 80% from approximately 60% for a consideration of 807 billion rupiah (US$56.3 million).

On 17 February 2021, ICBP completed the acquisition of 49% interest in PT Indofood Fritolay Makmur ("IFM") for a consideration of approximately 494 billion rupiah (US$34.4 million) from Fritolay Netherlands Holding B.V., an affiliated company of PepsiCo Inc. ("PepsiCo"), to increase ICBP's interest in IFM to approximately 100% from 51%. After the licensing agreement with PepsiCo ended six months afterwards, ICBP ceased all production and sales of PepsiCo branded products.

In 2021, Indofood acquired a total of approximately 3.8 million shares of Indofood Agri Resources Ltd. ("IndoAgri") from the open market for a total consideration of approximately S$1.1 million (US$0.8 million), increasing Indofood's effective interest in IndoAgri to approximately 71.9%.

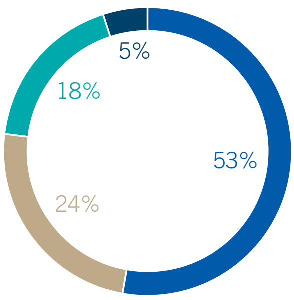
Operating Profit 2021*



	US$ millions
Consumer Branded Products	806.5
Bogasari	132.5
Agribusiness	225.5
Distribution	15.8
Total	**1,180.3**

* Before inter-segment elimination and unallocated expenses

Turnover 2021*



	US$ millions
Consumer Branded Products	3,971.3
Bogasari	1,840.4
Agribusiness	1,372.8
Distribution	350.0
Total	**7,498.6**

* Before inter-segment elimination

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. Its business operations are supported by more than 60 plants located in key regions across Indonesia. Through its wholly owned subsidiary, Pinehill, CBP group also owns more than 20 manufacturing facilities in eight countries in Africa, the Middle East and South-eastern Europe producing high-quality instant noodle products for fast-growing domestic and export markets. CBP products are available in more than 100 countries around the world.

Indofood's Noodles division is one of the world's largest producers of instant noodles and is the market leader in Indonesia, Saudi Arabia, Egypt, Kenya, Nigeria, United Arab Emirates and Turkey, serving a population of more than 1 billion consumers in its major markets at home and abroad. Its annual production capacity is around 34 billion packs, across a broad range of instant noodle varieties.

The Dairy division has an annual production capacity of more than 900,000 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, multi-cereal milk, milk flavoured 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 soup stock as well as syrups.

Indofood's Nutrition & Special Foods division is one of the leading players 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, noodle soup and pasta 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 offers a wide range of ready-to-drink teas and coffee, packaged water and fruit-flavored drinks with a combined annual production capacity of approximately three billion liters.

In 2021, CBP group sales rose 21% to 57.0 trillion rupiah (US$4.0 billion) reflecting higher sales volumes and average selling prices across most of CBP divisions. EBIT margin improved to 20.3% from 19.4%. The strong performance was contributed by both domestic and overseas sales.

Looking ahead, ICBP will focus on sustaining its business performance by balancing volume growth and profitability, as well as maintaining a healthy balance sheet position to bolster its investment grade status. It will continue to strengthen its market leadership by implementing a comprehensive strategy including optimizing its product portfolio, launching new products, improving product availability and visibility, as well as strengthening customer loyalty and brand equity. On the operational side, efforts to expand production capacities and improve efficiency will continue with the aim of defending margins. ICBP will continue to strengthen its business model in order to respond to changes in a nimble manner.

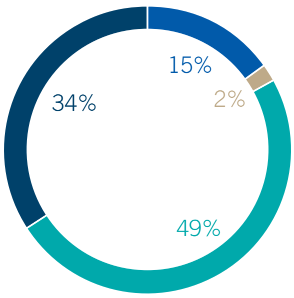
Bogasari

Bogasari is the largest integrated flour miller in Indonesia, operating four flour mills with total combined annual production capacity of approximately 4.4 million tonnes. Bogasari produces a wide range of wheat flour products and pasta for domestic and international markets.

Its sales rose 13% to 25.9 trillion rupiah (US$1.8 billion), reflecting higher average selling prices. The EBIT margin decreased to 7.3% from 7.8%.

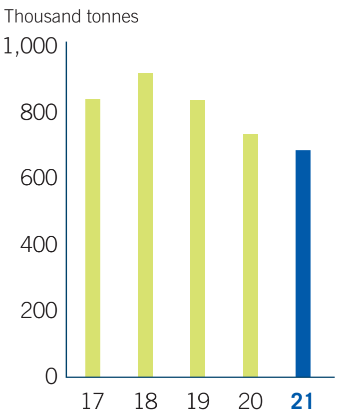
Demand for flour products is expected to pick up with economic recovery, and the longer-term growth prospects continue to be well-supported by Indonesia's expanding middle-class families, higher disposable incomes, and the growing preference for western-style flour-based cuisines. On the supply side, global wheat prices are likely to remain volatile and potentially elevated given recent events in the Black Sea.

Age Profile of Oil Palm Plantations



	Hectares
Immature areas	36,562
4 - 6 years	5,715
7 - 20 years	122,210
Above 20 years	86,128
Total	**250,615**

CPO Production



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. Its two divisions, Plantations and Edible Oils & Fats ("EOF"), operate through IndoAgri and its main operating subsidiaries, SIMP and PT Perusahaan Perkebunan London Sumatra Indonesia Tbk ("Lonsum") in Indonesia. In Brazil, IndoAgri has 36.2% 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 is also invested in Roxas Holdings, Inc. in the Philippines.

Sales rose 35% to 19.7 trillion rupiah (US$1.4 billion), reflecting higher prices of palm products (CPO and palm kernel ("PK")) and Edible Oils & Fats ("EOF") products, and higher sales volume of EOF products. Sales volume of CPO and PK related products declined 7% and 11% to 698,000 and 162,000 tonnes, respectively. The EBIT margin improved to 16.4% from 10.3%.

Plantations

In Indonesia, the total planted area remained relatively flat at 300,749 hectares from year-end 2020, 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 17 years, while around 17% of its oil palms are younger than seven years. This division has a total annual processing capacity of 7.2 million tonnes of fresh fruit bunch ("FFB").

In 2021, the Plantations division recorded a 25% increase in sales to 10.6 trillion rupiah (US$736.3 million) as a result of higher prices for palm products, partly offset by lower sales volume of CPO and PK related products.

FFB nucleus production declined 8% to 2.8 million tonnes, mainly reflecting lower nucleus output caused by replanting activities in Riau and North Sumatra, as well as heavy rainfall that adversely affected harvesting activities and road infrastructure. CPO production declined 7% to 687,000 tonnes mainly due to lower FFB nucleus production and lower purchase from plasma farmers. The CPO extraction rate was stable at 21.0%.

In Brazil, the total planted area for sugar cane rose 7% to 114,152 hectares from year-end 2020, of which 45% was owned by Companhia Mineira de Açúcar e Álcool Participações, while contracted third party farmers accounted for the remainder.

Edible Oils & Fats

This division manufactures cooking oils, margarines and shortenings. It has an annual CPO refinery capacity of 1.7 million tonnes. Approximately 70% of this division's CPO requirements were sourced from the Plantations division in 2021, while it was approximately 72% in 2020.

In 2021, despite higher CPO purchase costs and challenges due to the pandemic, the EOF division continued to deliver growth, with higher sales and stable profitability. This division recorded a 42% increase in sales to 16.3 trillion rupiah (US$1.1 billion) driven by higher average selling prices and sales volume of EOF products.

From a macro perspective, the global economic recovery continues even as the pandemic resurges, but uncertainty has increased due to geopolitical risks, supply chain disruptions, and worsening pandemic dynamics, coupled with erratic weather patterns. This will continue to have an impact on crop production and commodity prices. In addition, Agribusiness group expects global vegetable oil prices to be underpinned by demand growth, biodiesel mandates and the slowdown in supply growth, especially for palm oil.

Amidst the volatile commodity price environment, it will continue to prioritise its capital investment on the replanting of older oil palm trees in Riau and North Sumatra, and on critical infrastructure. Other initiatives will include improving FFB yields through active crop management, bolstering our cost control strategies, and pursuing relevant innovations and mechanisation to raise plantation productivity.

An expansion programme for its main CPO refinery in Jakarta is now underway, with completion scheduled for 2023. The boost in EOF production capacity will enable it to better capture growing domestic demand. Action plans are also being made to replace some of its margarine production lines with newer and more efficient machinery.

Distribution

The Distribution group is a strategic component of Indofood's Total Food Solutions network 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 Indonesia.

The Distribution group's sales increased 10% to 5.0 trillion rupiah (US$350.0 million) mainly supported by the growth in demand for the products of Indofood and those of other consumer goods companies this group provides services to. The EBIT margin improved to 4.5% from 3.5%.

As distribution channels evolve, they become more segmented. The Distribution group will place additional efforts to manage and develop potential sales accordingly. Tapping on the growing trend of online shopping, the Distribution group is also accelerating its digitalization efforts, including e-commerce and other digital platforms, to capture sales through these online channels.

Outlook

Despite the uncertainties that will unfold as the pandemic and geopolitical situation evolves, the global economy including Indonesia is expected to recover in 2022. Against this backdrop, Indofood with its vertically integrated business model is well placed to capture the opportunities that lie ahead despite volatility in the commodity price environment. Indofood will continue to pursue growth in both the domestic and overseas markets, by balancing between market share and profitability and enhancing operational efficiency and productivity, as well as maintaining a healthy balance sheet position.

PROFIT CONTRIBUTION

US$139.1million

PLDT's investments in expanding its network capacity and coverage resulted in network leadership that enabled the robust performance of its fixed-line, mobile, and information and communications technology ("ICT") businesses. Data and broadband services remained strong growth drivers in 2021.

PLDT's contribution to the Group increased 3% to US$139.1 million (2020: US$134.9 million) reflecting higher consolidated core net income.

Telco core net income up 8% to 30.2 billion pesos (US$612.4 million) from 28.1 billion pesos (US$567.5 million)	■ reflecting higher EBITDA driven by strong growth in service revenues ■ lower provision for income tax due to lower tax rates under the Corporate Recovery and Tax Incentives for Enterprises ("CREATE") Law ■ partly offset by higher depreciation and amortization, and higher net financing costs in connection with PLDT's capital expenditure program
Consolidated core net income up 10% to 29.9 billion pesos (US$606.5 million) from 27.1 billion pesos (US$548.2 million)	■ reflecting higher telco core net income ■ a higher gain on dilution of Voyager
Reported net income up 9% to 26.4 billion pesos (US$534.2 million) from 24.3 billion pesos (US$490.7 million)	■ reflecting higher core net income ■ a gain on debt modification from re-negotiation of selected outstanding peso loans ■ lower manpower rightsizing program expenses ■ partly offset by foreign exchanges losses versus gains in 2020, higher amortization of the Sun trademark and accelerated depreciation related to network transformation, and lower asset sales
Consolidated service revenues (net of interconnection costs) up 6% to 182.1 billion pesos (US$3.7 billion) from 171.5 billion pesos (US$3.5 billion)	■ reached an all-time high, reflecting sustained strong performance in the Home and Enterprise business segments ■ led by strong growth in home broadband and mobile data revenues ■ growth of Individual service revenues was impacted by competition, limited mobility due to the pandemic, and Typhoon Odette ■ Home and Enterprise service revenues grew 24% and 4%, respectively, and accounted for 26% and 23% of consolidated service revenues, respectively ■ data and broadband remained the main growth drivers, with combined revenues up 12% and representing 77% (2020: 73%) of consolidated service revenues
EBITDA up 11% to 95.9 billion pesos (US$1.9 billion) from 86.2 billion pesos (US$1.7 billion)	■ reached an all-time high, reflecting higher service revenues and lower provisions ■ partly offset by higher cash operating expenses
EBITDA margin to 52% from 50%	■ wireless EBITDA margin stable at 61%, while fixed line EBITDA margin rose to 39% from 34%

Capital Expenditures

In 2021, capital expenditure peaked at 89.0 billion pesos (US$1.8 billion), most of which was invested in extensive nationwide network buildout, including LTE and 5G rollouts, migration of fixed-line customers from copper to fiber connections, and the fiberization of base stations. It also included 17.5 billion pesos (US$354.5 million) of capital expenditure to support expansion of the Home broadband business, mainly the buildout of additional fiber port capacity to meet data demand and new connects, resulting in immediate revenue contribution.

Despite mobility restrictions and other challenges of the pandemic, total homes passed by PLDT's fixed-line fiber optic network rose 54% to 13.9 million, port capacity rose 42% to 5.8 million as at the end of 2021, and the fiber footprint expanded by 73% to 743.7 thousand cable kilometers from end-2020 levels. On the wireless network, the number of Smart 5G base stations increased 1,366% to 7.2 thousand, while the number of LTE/4G base stations increased 28% to 38.6 thousand from 2020 year-end. PLDT's 4G and 3G network coverage expanded to reach over 96% of the Philippines' population.

In 2021, PLDT built an additional 1.7 million ports for connecting more homes to its fiber optic network, maintaining its market leadership position with port capacity of approximately 5.8 million. Its fixed broadband geographical coverage reached nearly 60% of the Philippines.

Review of Operations

The global leader in mobile and broadband network intelligence Ookla recognized PLDT and Smart's networks as the fastest in the Philippines. They received Ookla Speedtest Awards in all four quarters of 2021.

Over the 10 years to 2021, PLDT invested approximately 518.5 billion pesos (US$10.2 billion) in capital expenditure.

In line with a greater focus on delivering positive free cash flow, PLDT aims to manage downward its capital expenditures. As such, capital expenditure for 2022 is expected to decline to between 76 billion pesos to 80 billion pesos. It will continue to be demand-driven primarily enabling the growth of its home broadband business, as well as for network capacity expansion and IT platform advancement for supporting growth in data traffic, the expansion of the 5G network, cable capacity, and the construction of an 11th data center for hyperscaler businesses.

Debt Profile

As at 31 December 2021, PLDT's consolidated net debt was US$4.5 billion while net debt to EBITDA was at 2.38 times. Total gross debt stood at US$5.0 billion, of which 16% was denominated in U.S. dollars. Only 5% of the total debt was unhedged after taking into account available U.S. dollar cash and currency hedges allocated for debt. 63% of total debts are due to mature after 2026. Post interest rate swaps, 64% of the total debt is fixed-rate borrowings. The average pre-tax interest cost for 2021 declined further to 4.31% from 4.66% for the full year 2020.

As at the end of December 2021, PLDT's credit ratings remained at investment grade at S&P Global and Moody's, the international credit rating agencies.

Dividends

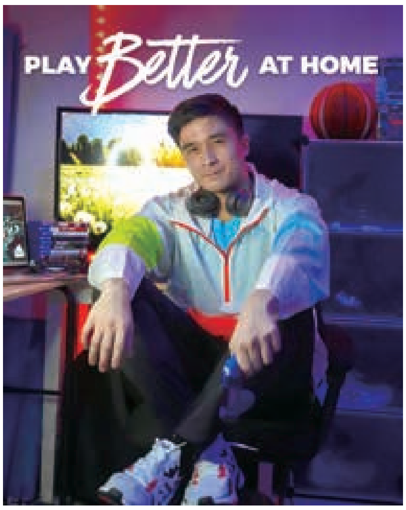
PLDT's dividend policy is to pay 60% of its telco core net income to shareholders. On 3 March 2022, the PLDT Board of Directors approved a final cash dividend of 42 pesos (US$0.82) (2020: 40 pesos (US$0.83)) per share payable on 4 April 2022 to shareholders on record as of 17 March 2022. Together with the interim dividend of 42 pesos (US$0.86) per share paid on 3 September 2021, total dividends for 2021 amounted to 84 pesos (US$1.68) (2020: 78 pesos (US$1.59)) per share.

Service Revenues by Business Segment

High demand for data and broadband services continued to drive revenue growth by 6% to a record high of 182.1 billion pesos (US$3.7 billion), led by a 12% revenue increase in data and broadband to 139.7 billion pesos (US$2.8 billion). Mobile data and internet revenues grew 6% to 70.3 billion pesos (US$1.4 billion), Home broadband revenues rose 29% to 42.6 billion pesos (US$863.0 million), corporate data recorded 6% growth to 22.0 billion pesos (US$445.7 million), and ICT revenues were up 14% to 4.8 billion pesos (US$97.2 million).

As at year-end 2021, the PLDT group's total subscriber base was stable at approximately 78.8 million.

Home service revenues' growth momentum continued in 2021, rising 24% to 47.8 billion pesos (US$968.4 million). The growth was driven by the fast-tracked nationwide fiber-to-the-home ("FTTH") rollout, with over 1.1 million new fiber customers connected during the year, raising PLDT's total fixed broadband subscriber base 27% to approximately 3 million. Fiber-only revenues rose 82% to 33.0 billion pesos (US$668.6 million) and accounted for 69% of total Home revenues.

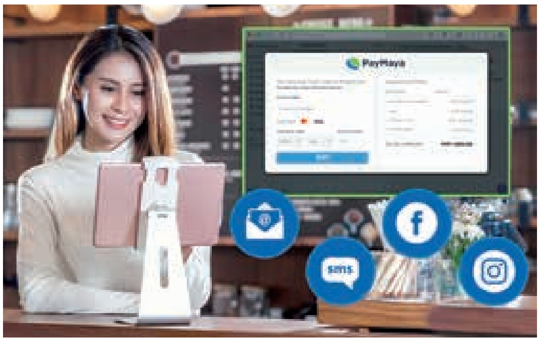


Compared to the end of 2020, the number of PLDT's total broadband and fixed line subscribers rose 28% and 19% respectively to approximately 4.0 million and 3.6 million. Among the net additions of 861,726 broadband subscribers during 2021, 693,284 were fixed broadband and 168,442 were fixed wireless broadband customers.

The penetration of fiber connections in the Philippines is around 20% of the population compared with up to 50% in the wider Asian region. With promising growth prospects and sustained market demand, PLDT's Home business will continue to accelerate the rollout of its fiber network, increase fiber port capacity, complete the migration of customers from copper to fiber, as well as increase automation in its operations.

Individual segment sustained its performance despite increased competition, restricted mobility caused by the pandemic, and the impact of Typhoon Odette at year-end. Individual service revenues for 2021 were steady at 86.2 billion pesos (US$1.7 billion) of which 80% (2020: 75%) were data/broadband revenues.

Demand for wireless data remained strong. Mobile data traffic volumes rose 16% to 3,337 petabytes from 2020. As of year-end 2021, active data users of PLDT's networks increased 11% to 42.6 million following brand-building initiatives, product innovations and the acceleration of customer digital adoption. Smart's GigaLife mobile app was joined by over 10 million users in fewer than two years. The outlook for the Individual business is promising as mobility restriction ease resulting in the gradual recovery of economic activity and the increasing adoption of 5G services.



The PLDT group's combined wireless subscriber base declined 2% from year-end 2020 to 71.2 million as at the end of December 2021, of which over 97% are prepaid customers.

Enterprise service revenues increased 4% to a new high of 42.2 billion pesos (US$854.9 million) in 2021, reflecting high demand for digital services from small and medium-sized enterprises and corporate customers, as well as for information and communication technology ("ICT") services. Driven by accelerated digital transformation and the expansion of hyperscaler businesses, data center and cloud revenues reached record highs.

The pandemic accelerated the pace of digital adoption among customers. Going forward into and beyond pandemic recovery, PLDT Enterprise will continue to help businesses and government institutions maintain and improve their operational capability and efficiency through digital transformation, system automation, cloud services and cybersecurity. To these ends, it will expand data center capacity and ICT business to serve growing demand.

Digital Financial Services

PayMaya is the only end-to-end digital financial services ecosystem in the Philippines, offering a wide range of digital payments and financial services to Enterprise and Individual customers. It is the largest payments processor for key industries, with around 430,000 points of acceptance. At year-end 2021, the number of PayMaya registered users reached 44 million. With 63,000 network agents, PayMaya has the widest network servicing offline consumers, covering 92% of the Philippines' population. PayMaya is crypto-ready and has received its Virtual Asset Service Provider ("VASP") license from the Bangko Sentral ng Pilipinas – the only telecommunications provider in the country to receive this.

As one of the six digital bank licensees in the Philippines, PayMaya's Maya Bank is the only one with an existing customer base and digital payment ecosystem. Maya Bank plans to launch its services at the end of March 2022. New financial services include savings, credit, investments through crypto, insurance and more.

Together with PayMaya, Maya Bank will leapfrog digital financial services adoption and unlock the value of its deep ecosystem.

Environmental, Social and Governance

PLDT operates its businesses with a clear ESG framework and targets aligned with its sustainability principles of connection, conservation, concern and commitment. Among its wide range of ESG initiatives, it is currently finetuning a decarbonization program with the aim of reducing its scope 1 and scope 2 greenhouse gas emissions by 40% by 2030. Among the abatement initiatives being pursued are the greater use of renewable energy, the installation of rooftop solar panels, as well as the use of green technology in its networks. Its 11th data center will be built in accordance with Leadership in Energy and Environmental Design ("LEED") standards. Programs for carbon footprint reduction, solid and hazardous waste reduction and management, and biodiversity protection are ongoing.

Under the social pillar, PLDT has programs to promote digital inclusion and a safe online environment for its customers with particular focus on data privacy, cybersecurity, and workforce protection and diversity. To protect children, PLDT had blocked 179,000 sources of illicit content from its networks at the end of 2021. Its #SafeandSmart advocacy promotes a culture of preparedness, provides timely assistance to communities affected by natural disasters, and delivers recovery support.

Outlook

PLDT expects mid-single-digit growth in service revenues, to be led by accelerating growth in Home broadband revenues, followed by the Enterprise business with stronger growth to be underpinned by ICT. While the wireless business is expected to face some headwinds from competition, there are opportunities anticipated with the further opening up of the economy as pandemic movement restrictions ease. EBITDA is expected to grow to over 100 billion pesos while telco core income is seen reaching 32-33 billion pesos. Capital expenditures of 76-80 billion pesos is expected to maintain PLDT's network and customer experience leadership in fixed-line and wireless businesses.

PLDT aims to deliver positive free cash flows from higher revenues, cost optimisation and sale of strategic assets with the goal of reducing its financial leverage to a level below two times net debt to EBITDA and thereby improving its position to pay a special dividend to shareholders.

METRO PACIFIC INVESTMENTS

PROFIT CONTRIBUTION

US$98.1million

In 2021 MPIC's core businesses benefited from gradual economic recovery in the Philippines stemming from the continued rollout of vaccinations and easing of quarantine measures. Toll road traffic volume and power demand recorded growth, while billed water volume declined slightly and ridership on light rail services remained low due to capacity restrictions continuing from 2020.

MPIC's contribution to the Group increased 16% to US$98.1 million (2020: US$84.8 million), reflecting higher core net income.

Consolidated core net income up 20% to 12.3 billion pesos (US$249.7 million) from 10.2 billion pesos (US$206.9 million)	■ reflecting an 11% growth in contribution from its operations to 17.1 billion pesos (US$346.7 million) ■ power, toll roads and water businesses accounted for 65%, 23% and 16%, respectively, of the consolidated profit contribution to MPIC, while a negative contribution of 4% was recorded from other businesses ■ a 6% rise in contribution from the power business to 11.2 billion pesos (US$227.3 million) driven by higher volume sold ■ a 58% increase in contribution from the toll roads business to 3.9 billion pesos (US$78.3 million) reflecting substantial improvement in traffic volume under more relaxed quarantine measures and lower taxes resulting from Optional Standard Deduction ■ a 10% decline in contribution from the water business to 2.8 billion pesos (US$55.9 million) reflecting lower demand from residential and commercial customers, partly offset by higher demand from industrial customers ■ a higher contribution from the healthcare business was offset by higher losses at the light rail and logistics businesses due to the adverse impact of the COVID-19 pandemic. As a result, net loss from light rail and other businesses increased 4% to 734 million pesos (US$14.9 million) ■ lower provision for income tax due to lower tax rates from 30% to 25% under the CREATE law
Consolidated reported net income up 113% to 10.1 billion pesos (US$205.0 million) from 4.7 billion pesos (US$95.9 million)	■ reflecting higher core net income ■ a lower non-recurring loss due to gains on transfer of GBPC in the Philippines to Meralco PowerGen Corporation ("MGen") and the sale of DMT in Thailand
Consolidated revenues up 7% to 43.6 billion pesos (US$882.5 million) from 40.9 billion pesos (US$825.5 million)	■ reflecting higher revenues at toll road businesses ■ partly offset by lower revenues at water and rail businesses

Debt Profile

As at 31 December 2021, MPIC's consolidated debt rose 6% to 246.3 billion pesos (US$4.8 billion) from 231.4 billion pesos (US$4.8 billion) as at 31 December 2020, mainly reflecting additional bank borrowing for ongoing toll roads and light rail construction projects, and the acquisition of Philippine Tank Storage International Holdings Inc. ("PTSI"). Net debt increased 8% to 194.8 billion pesos (US$3.8 billion).

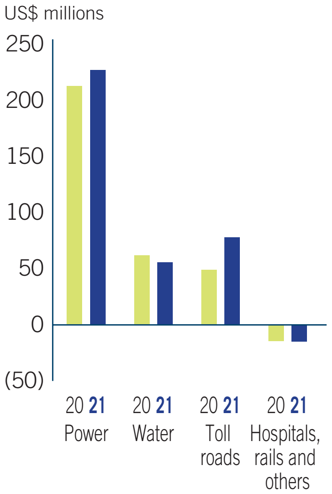
Of the total debt, 89% was denominated in pesos and fixed-rate borrowings accounted for 83%. The average interest rate was reduced to approximately 5.68% from 6.14% at year-end 2020, and debt maturities ranged from 2022 to 2037.

Capital Management

Dividends

MPIC's Board of Directors declared a final cash dividend of 0.076 peso (U.S. 0.15 cent) per share payable on 6 April 2022 to shareholders on record as of 25 March 2022. Together with the interim dividend of 0.0345 peso (U.S. 0.07 cent) per share paid on 2 September 2021, total dividends for 2021 amounted to 0.1105 peso (U.S. 0.22 cent) per share. This represented a dividend payout ratio of 27% (2020: 33%) of core net income despite the ongoing pandemic challenges.

Contribution from Operations 2021



Share Buyback Program

On 1 October 2020, MPIC's Board of Directors approved a share buyback program budgeted at up to 5.0 billion pesos (US$101.3 million). In September 2021, the approved budget was fully utilized when MPIC bought back approximately 599 million shares from the open market at a total cost of approximately 2.3 billion pesos (US$46.3 million) during the year.

On 16 February 2022, MPIC's Board of Directors approved another up to 5.0 billion pesos (US$98.0 million) share buyback program. Up to 30 March 2022, MPIC bought back approximately 391 million shares from the open market at a total cost of approximately 1.5 billion pesos (US$28.7 million).

Additional Investments/Divestments

On 29 January 2021, KM Infrastructure Holdings, Inc. ("KMIH"), a 50:50 joint venture between Keppel Infrastructure Fund Management Pte. Ltd. ("KIT") and MPIC, completed the acquisition of a 100% interest in PTSI from Philippine Investment Alliance for Infrastructure for a consideration of approximately US$333.8 million which was subsequently adjusted to US$337.9 million. The equity investment of MPIC in a 50% interest in KMIH amounted to approximately US$145 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. PTSI wholly owns Philippine Coastal Storage and Pipeline Corporation ("PCSPC"), the largest independent petroleum product storage facility and import terminal in the Philippines, located in the Subic Bay Freeport Zone.

On 19 February 2021, MPTC completed the sale 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 31 March 2021, MPIC's wholly-owned indirect subsidiary, Beacon PowerGen Holdings Inc. ("Beacon PowerGen") completed the transfer of approximately 56% interest in GBPC to MGen, an associated company of First Pacific for a consideration of 22.4 billion pesos (US$454.7 million), which was subsequently adjusted to 21.2 billion pesos (US$429.7 million) to reflect the dividend of 1.2 billion pesos (US$25.0 million) received by Beacon PowerGen from GBPC in May 2021. Beacon PowerGen received 80% of the adjusted consideration in 2021, with the remaining 20% to be received on the date falling eighteen months following the completion date. This transaction was approved by First Pacific's shareholders on 2 March 2021.

Power

Meralco is the largest electricity distributor in the Philippines, delivering electricity to businesses and homes responsible for more than half of the country's gross domestic product.

The volume of electricity sold rose 6% to 46,073 gigawatt hours. The residential, commercial and industrial sectors accounted for 37%, 33% and 30%, respectively, of the total sales volume in 2021. Growth of 3%, 3% and 13% in residential, commercial and industrial volumes, respectively, reflected a boost to business activity and increased community mobility following the reopening of the economy.

Meralco's revenues increased 16% to 318.5 billion pesos (US$6.5 billion) as a result of higher energy sales volume and higher generation pass-through revenues partly offset by lower transmission pass-through revenues, and the consolidation of GBPC from April 2021. The number of billed customers rose 4% to 7.4 million in 2021.

Capital expenditures rose 32% to 27.5 billion pesos (US$557.1 million) primarily used for adding new connections, facility renewals, capacity expansion and its electrification program. These investments further strengthened the resiliency of Meralco's distribution network.

Renewable Energy

Meralco's electricity distribution arm committed to source 1,500 megawatts of its power requirements from renewable energy sources in the next five years in its own generation build-out. MGen, Meralco's wholly-owned power generation subsidiary, is also accelerating the development of its clean energy generation capacity by up to 1,500 megawatts in the next five to seven years.

Meralco's first and the Philippines' largest single operating solar plant, the 50-megawatt BulacanSol, commenced commercial operation from May 2021 and delivered 67 gigawatt hours of solar energy during the year. Another solar plant in Rizal with 78 megawatt capacity is expected to go online by the end of 2022. Two additional solar power plant projects with a total capacity of 113 megawatts are under development by GBPC.

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 and CII Bridges and Roads Investment Joint Stock Company in Vietnam.

In the Philippines, the construction of the first section of the NLEX-SLEX Connector Road ("Connector Road") was 68% completed at year-end while the Cebu Cordova Link Expressway ("CCLEX") was 92% finished with completion sought by the end of the first half of 2022.

In 2021, MPTC's revenues rose 29% to 17.5 billion pesos (US$354.2 million), reflecting recovery in traffic volumes with the easing of mobility restrictions, vaccine roll-out, toll increases at NLEX from May 2021, and new revenues from CALAX sub-section 5 from August 2021. Average daily vehicle entries on MPTC's toll roads rose 18% to 747,580, reflecting an improvement in economic activity despite certain mobility restrictions remaining in force. In the Philippines, average daily vehicle entries increased 24 % to 483,170, while traffic volume on international toll roads rose 9% to 264,410.

Capital expenditure was down 17% to 19.2 billion pesos (US$389.0 million), mainly reflecting completion of certain projects, and delays in other road projects owing to the pandemic.

In the Philippines, MPTC plans to spend approximately 88.1 billion pesos (US$1.7 billion) on building the Connector Road, CCLEX, CALAX, additional segments of CAVITEX Segment 4 Extension, CAVITEX-C5 South Link and NLEX-C5 North Link, with a total length of 72.4 kilometers and expected completion by 2023.

Water

Maynilad is the biggest water utility in terms of customer base in the Philippines, operating a concession for water distribution and sewerage and sanitation services for the West Zone of Metro Manila. MetroPac Water Investments Corporation ("MPW") is MPIC's investment vehicle for water investments outside Metro Manila.

On 18 May 2021, Maynilad signed a Revised Concession Agreement ("RCA") with the Metropolitan Waterworks and

Sewerage System ("MWSS") which confirmed its concession period until 31 July 2037 with certain amendments made. Key changes include: (a) the imposition of a tariff freeze until 31 December 2022; (b) the exclusion of corporate income tax from recoverable expenditures by Maynilad over the term of the concession; (c) no adjustment to rates as may be prescribed by the MWSS Regulatory Office for the supply of water and sewerage services ("Standard Rates") due to foreign currency differential adjustment; (d) capping of the annual inflation factor to two-thirds of the consumer price index; (e) imposition of rate caps for water and sewerage services to 1.3x and 1.5x, respectively, of the applicable Standard Rates in prior periods; and (f) replacing the tariff rate-setting mechanism's market-driven appropriate discount rate with a 12% fixed nominal discount rate.

On 7 January 2022, Maynilad was officially granted a 25-year franchise in relation to its concession affirmed its authority to provide waterworks system and sewerage and sanitation services.

Revenues declined 4% to 22.0 billion pesos (US$444.7 million), reflecting lower billed volumes. Residential and commercial consumption remained low while industrial demand shown 2% growth as more businesses gradually resumed their operations.

Capital expenditure rose 10% to 8.6 billion pesos (US$174.2 million), largely employed in the development of new water treatment plants.

Light Rail

Light Rail Manila Corporation ("LRMC") operates the 20-station light rail line LRT-1 in Metro Manila.

Revenues declined 10% to 1.1 billion pesos (US$23.0 million) due to the implementation of physical distancing protocols and overall lower demand. Average daily ridership fell 33% to 124,329 passengers, reflecting a compulsory capacity ceiling of 30% on overall ridership capacity, which was subsequently raised to 70% from 4 November 2021 and back to 100% capacity from 1 March 2022.

In 2021, LRMC's capital expenditure rose 14% to 4.5 billion pesos (US$90.6 million), and was spent mainly on the construction of LRT1's Cavite Extension with phase 1 reaching 68% completion in March 2022.

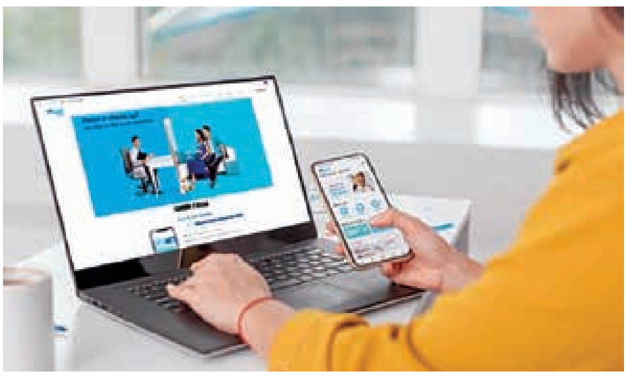
Healthcare

Metro Pacific Hospital Holdings Inc. ("MPHHI") is the largest operator of private healthcare networks in the Philippines, comprising 19 hospitals, six provincial cancer radiotherapy centres, two healthcare colleges, and one central laboratory. MPHHI currently has approximately 3,800 beds of which approximately 867 beds are dedicated to COVID-19 patients.

Revenues rose 37% to 20.3 billion pesos (US$411.1 million), reflecting longer average length of stay of inpatients, price increases, better case mix, and a 128% growth in COVID-19 related admissions and testing.

Inpatient admissions declined 11% to 94,957 while outpatient visits rose 24% to 3,109,785.

MPHHI's capital expenditure increased 24% to 2.2 billion pesos (US$45.4 million) to catch up on expansion following a focus on cash conservation in 2020.



MPIC's mWell is the Philippines' first fully integrated health and wellness mobile app. It provides 24/7 telemedicine consultations, booking for physical medical appointments, fitness and nutrition programs, long-term wellbeing development, and e-shop for health-related products and delivery services. Since launching in July 2021, mWell recorded over 200,000 downloads. It continues service expansion by increasing partnerships with industry experts, including teaming with award-winning experts from Aktivo, offering the Philippines' first wellness guidance system: the mWellness Score which measures physical activity, sedentary behaviour and sleep quality through data analysis.

Fuel Storage

In 2021, MPIC expanded its business portfolio through investing in PTSI. The fuel storage business is expected to offer stable earnings and cash flow. PCSPC, the operating unit of PTSI, recorded revenues at 1.8 billion pesos (US$37.0 million) while capital expenditure was 167 million pesos (US$3.4 million). Its average capacity was 5.8 million barrels with an average utilization rate of 71%.

Sustainability

MPIC has a holistic and end-to-end sustainability approach, anchored in four imperatives - Economic, Environment, Social and Governance ("EESG") in its value creation strategies, enhancing operational efficiency, optimizing cost structures, and fortifying resilience. Its EESG initiatives advocate for a sustainable Philippines with a specific focus on environmental stewardship, livelihood, health and sports, youth, education, and community empowerment.

MPIC is one of the founding members of the A4S Asia Pacific CFO Leadership Network, a global network comprising over 60 Chief Financial Officers from large organizations with business presence in over 200 countries. As a member of the Board of Trustees of the United Nations Global Compact ("UNGC") Network Philippines, MPIC is committed to advancing the 10 principles of the UNGC and the 17 United Nations' Sustainable Development Goals.

Among the wide range of MPIC and its operating companies' sustainability efforts and achievements, Maynilad's energy management system received the Energy Management Insight Award from Clean Energy Ministerial ("CEM"). CEM is a global forum promoting policies and programs to advance clean energy.

Landco Pacific Corporation was awarded the Excellence in Design for Greater Efficiencies certification for the eco-efficient design of its Crusoe Cabins. Compared to local base case in the Philippines, Crusoe Cabins achieved a reduction of 34% in energy consumption, 57% in water and 65% in embodied energy in materials.

Meralco further expanded deployment of electric vehicles in its business operations through the Green Mobility Program. The program plans to add an additional 197 electric vehicle to its sector offices and business centers, and to install five more charging stations.

Meralco's eSakay subsidiary also supporting MPTC's ongoing environmental protection initiatives. It supplied electric vehicles to the entire fleet of CALAX's traffic and security department.

Outlook

Continuing recovery from the economic costs of the COVID-19 pandemic is expected to deliver continuing demand growth for Meralco's electricity supply, Maynilad's water deliveries, and traffic on MPTC's toll roads. MPTC is looking forward to new toll roads and extensions entering service and providing new sources of revenue growth while Meralco expects the entering into service of new solar power generation facilities will in their own turn bring new sources of generation revenues. The Hospitals business expects a continuing shift away from pandemic operations towards more normal medical inpatient and outpatient services even as it continues its ambitions to expand via acquisition. PCSPC will continue to seek new storage contracts while LRMC looks forward to gradually increased ridership as its expansion-oriented capital expenditures continue.

PHILEX MINING
CORPORATION

Padcal mine operations continued throughout the year with implementation of strict measures against the COVID-19 pandemic in compliance with the government's quarantine guidelines and an extensive vaccination program, which proved effective in containing the spread of the virus despite a small number of COVID-19 cases in the Padcal mine.

The adjustments that Philex made to its supply chain model in early 2021 to secure reliable supplies for the operation of the Padcal mine and its mill facilities continued as planned with no significant difficulties.

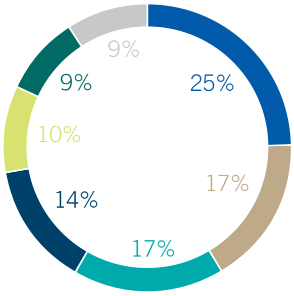
In 2021, Philex's contribution to the Group increased 141% to US$19.3 million (2020: US$8.0 million), reflecting higher metal prices with the average realized gold price increasing 2% to US$1,785 per ounce while copper rose 48% to US$4.24 per pound, partly offset by a slightly lower metal output, and higher operating costs.

Total ore milled rose 1% to 7.9 million tonnes. The average gold grade at 0.285 grams per tonne was slightly higher than the previous year. The average copper grade at 0.186% was down 1% from 2020. Gold production was down 2% to 55,149 ounces (2020: 56,000 ounces) and copper production declined 1% to 26.2 million pounds (2020: 26.4 million pounds), reflecting declines in gold and copper recoveries of 2% and 1%, respectively.

Core net income up 118% to 2.5 billion pesos (US$51.3 million) from 1.2 billion pesos (US$23.5 million)	■ reflecting higher revenue ■ partly offset by higher operating costs
Net income up 98% to 2.4 billion pesos (US$49.3 million) from 1.2 billion pesos (US$24.8 million)	■ reflecting the substantial improvement of core net income
Revenue (net of smelting charges) up 25% to 9.8 billion pesos (US$198.5 million) from 7.8 billion pesos (US$158.3 million)	■ reflecting higher realized gold and copper prices ■ slightly lower metal output from lower recovery rate, despite higher tonnage ■ revenues from gold, copper and silver contributed 53%, 46% and 1% of the total, respectively
EBITDA up 60% to 4.3 billion pesos (US$87.5 million) from 2.7 billion pesos (US$54.6 million)	■ reflecting higher revenue ■ partly offset by higher cash production costs
Operating cost per tonne of ore milled up 5% to 886 pesos (US$17.9) from 846 pesos (US$17.1)	■ reflecting higher cash production costs for power, materials and supplies, and labour ■ higher excise taxes and royalties due to higher revenue from higher metal prices ■ partly offset by lower non-cash charge associated with the extension of Padcal mine life to December 2024
Capital expenditure (including exploration costs) flat at 1.2 billion pesos (US$23.9 million)	■ reflecting a higher cost for tailings storage facility expansion projects ■ offset by a lower cost for machinery and equipment

The mine life of Philex's major operating mining asset, the Padcal mine, has been extended by two years to December 2024. The latest mineable reserves estimate at Padcal mine as of end-March 2021 is 30.2 million tonnes with average gold grade of 0.23 grams per tonne and copper grade of 0.18%.

Operating Cost Per Tonne of Ore Milled 2021



	Pesos
Materials & supplies	219
Depreciation & amortization	153
Power	150
Labor	120
Smelting charges	87
Excise tax and royalties	81
Others	76
Total	**886**

Debt Profile

As at 31 December 2021, Philex had 10.1 billion pesos (US$98.6 million) of borrowings, comprising bonds with a 1.5% coupon and short-term bank loans with an average interest cost of approximately 3.3%. Short-term bank loans fell 17% to 1.5 billion pesos (US$29 million) from year-end 2020.

Silangan Project

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

On 29 December 2020, Philex received the approval of the Department of Environment and Natural Resources for the renewal of the Mineral Production Sharing Agreement for Silangan Mindanao Mining Co., Inc. ("SMMCI", a wholly-owned subsidiary of Philex and the holding company for the Silangan Project) for an additional 25 years from December 2024 with terms and conditions unchanged. On 29 July 2021, Philex's Board of Directors approved the In-Phase Mine Plan for the Silangan Project.

On 11 January 2022, Philex announced the completion of the In-Phase Mine Plan feasibility study for the Boyongan deposit (Phase 1 of the Silangan project). The mine life and operation for the Boyongan deposit is stretched to 28 years with a mineable reserve estimate of 81 million tonnes, and estimated gold grade of 1.13 grams and copper grade of 0.67% per tonne of ore. The daily estimated ore production capacity for the first five years is 2,000 tonnes, increasing to 4,000 tonnes for the following three years, then to 8,000 tonnes and reaching 12,000 tonnes from the twelfth year of operation. The initial capital requirements under the In-Phase Mine Plan is US$224 million, to be funded by a combination of proceeds from a proposed stock rights offer, from Philex's cash reserves, and possibly some incremental debt at the Silangan level. The project plans to start commercial operation in early 2025.

PXP

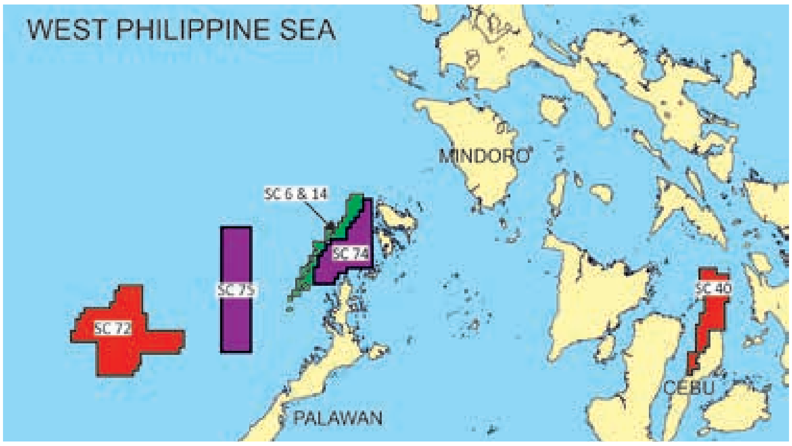
In 2021, petroleum revenue rose 113% to 64 million pesos (US$1.3 million) (2020: 30 million pesos (US$0.6 million)) reflecting a 75% surge in average crude oil sale prices, partly offset by a 16% decline in lifted volume to 631,948 barrels (2020: 750,506 barrels) from the Galoc oil field following a normal rate of decline in production.

Costs and expenses rose 4% to 103 million pesos (US$2.1 million) (2020: 99 million pesos (US$2.0 million)), reflecting higher petroleum production costs in Galoc, partly offset by lower overhead expenses.

PXP's core net loss declined 28% to 33 million pesos (US$0.7 million) from 46 million pesos (US$0.9 million), reflecting higher petroleum revenues, partly offset by higher cost and expenses.

SC 72

Forum Energy Limited ("FEL"), a subsidiary of PXP, holds a 70% interest in SC 72 Recto Bank, which covers an area of 8,800 square kilometers in the West Philippine Sea. Its second Sub-Phase ("SP") of exploration activities resumed on 14 October 2020 when the Force Majeure imposed on 15 December 2014 was lifted by the Philippine Department of Energy ("DOE"). 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 from 14 October 2020 to 13 June 2022. On 17 February 2022, the DOE approved the work program and budget to be conducted in 2022. The SC 72 Consortium is progressing with the Planning Phase for the drilling of the commitment wells.



SC 75

At SC 75 Northwest Palawan Block, all exploration activities were suspended on 27 December 2015 due to the imposition of Force Majeure until its lifting by the DOE on 14 October 2020. The SC 75 consortium is required to undertake a 3D seismic survey as part of its work commitment under SP 2 of SC 75 in an 18-month period from 14 October 2020 to 13 April 2022. On 8 January 2022, DOE approved PXP's proposed work program for 2022 to 2023, which includes the acquisition, processing, and interpretation of at least 1,000 square kilometers of 3D seismic data. Preparations for conducting the 3D seismic acquisition are ongoing.

Peru Block Z-38

Peru Block Z-38 was a joint venture project among Pitkin Petroleum Limited ("Pitkin"), Karoon Energy Ltd ("Karoon", formerly Karoon Gas Australia Ltd) and Tullow Oil Plc. (UK) ("Tullow"). 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 Peruvian authorities extended the expiration of the third exploration period to 27 July 2021 from 27 November 2020 due to COVID-19. On 25 May 2021, Pitkin issued a notice of dispute to Karoon relating to the breach of its obligation to drill a second well for the project and claims for damages and other reliefs. Since Karoon did not take any action to proceed to the fourth exploration period, the Peru Block Z-38 license expired on 27 July 2021.

On 17 September 2021, Pitkin entered into a Deed of Settlement and Release ("the Deed") with the wholly-owned subsidiaries of Karoon for a full and final settlement of all claims associated with Peru Block Z-38 by Pitkin by a sum of US$9.6 million. On 4 October 2021, Pitkin received the agreed settlement sum in cash and the Deed became effective.

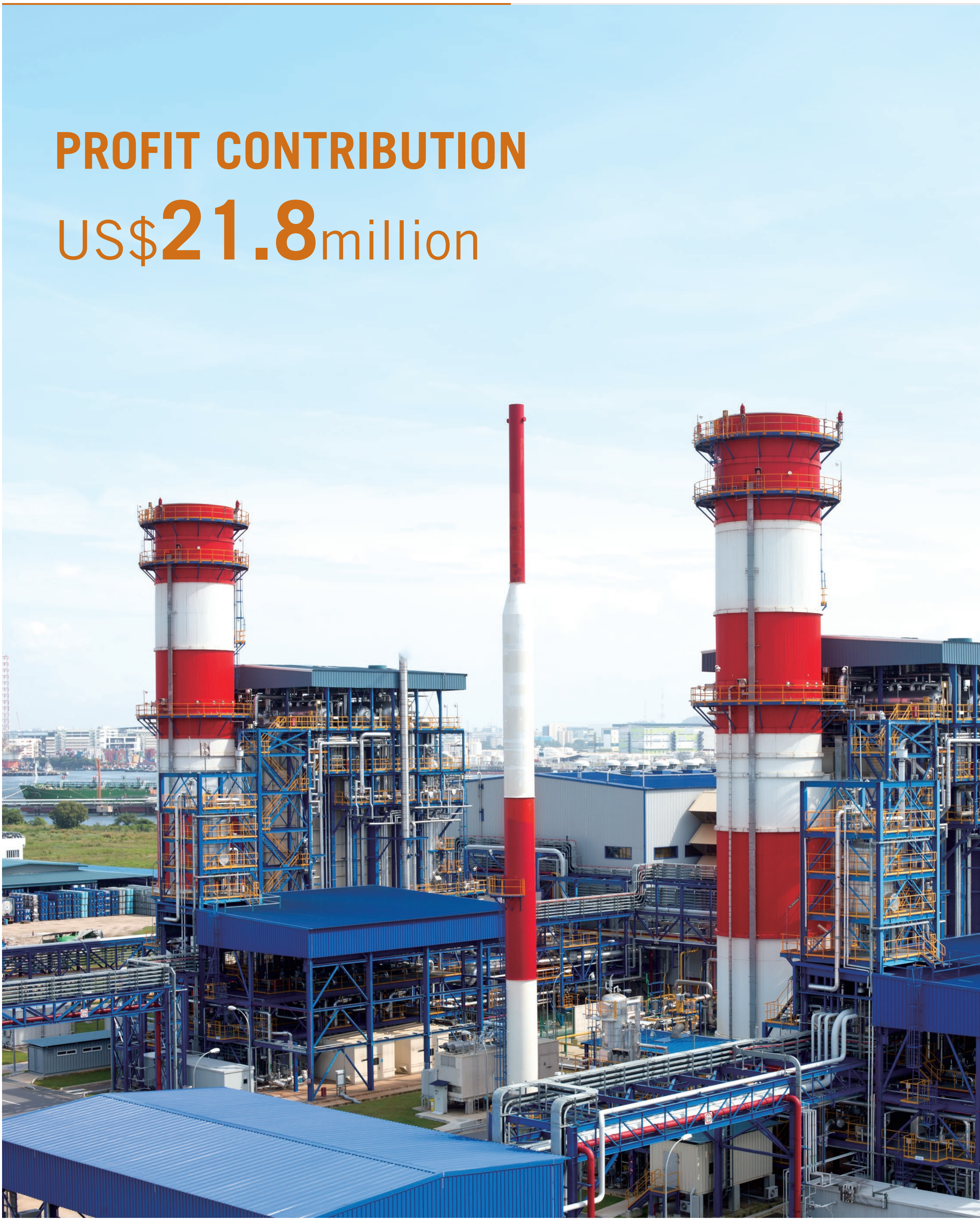
Outlook

The sustained prices of gold and copper in the global market provide continuing opportunity for Philex to optimize its mineable reserves and metal output. Profitability and liquidity since 2020 have been on a positive trend and materially strengthening Philex's financial position, together with the other funding sources such as a proposed stock rights offer and possible debt may accelerate the development of the Silangan Project.

Further studies are underway to explore and determine the feasibility of mineable resources and reserves in the vicinity of the Padcal mine.

After the Philippine government lifted its ban on new mining agreements and on open pit mining in 2021, the new operating environment is favourable to the long-term development of the mining industry in the country.

FPM Power / PacificLight



PLP's 800-megawatt ("MW") Jurong Island Power Generation Facility remains one of the most efficient combined cycle power plants operating in Singapore since entering commercial operations in 2014.

Electricity demand in Singapore rose over 5% in 2021 as gradual recovery of economic activity resulted in higher demand and hence higher sales of electricity.

PLP was able to continue its business operations and deliver a high level of service even during periods when some employees were obliged to work from home as most of their workflow has been digitized, and most business partners and customers have adopted e-transactions in their contract arrangements with PLP.

In 2021, PLP turned around its performance and made a profit contribution of US$21.8 million to First Pacific, compared with a loss of US$2.5 million in 2020.

The plant's system availability was high at 99.9% (2020: 96.7%) reflecting the rescheduling of maintenance work to January 2022 from 2021. The heat rate improved due to a higher volume of generation. The plant remained highly reliable with no forced outages during the year. Units 10 and 20 have had no operational forced outage since October 2020 and March 2017, respectively.

In 2021, the volume of electricity sold rose over 10% to 5,459 gigawatt hours (2020: 4,942 gigawatt hours), of which 91% (2020: 86%) was for contracted sales and vesting contracts, and the remaining 9% (2020: 14%) was for pool market sales. PLP's generation market share for the year was approximately 10% (2020: 9%).

Core net profit of S$80.7 million (US$60.0 million) versus core net loss of S$33.6 million (US$24.4 million)	■ reflecting higher non-fuel margin for electricity sales and higher sales volume ■ lower interest expense ■ partly offset by a lower reversal of provision for onerous contracts and higher marketing expense
Net profit of S$69.1 million (US$51.4 million) versus net loss of S$81.0 million (US$58.8 million)	■ reflecting a turnaround to core net profit from core net loss ■ a lower non-recurring loss due to lack of provision for onerous contracts ■ partly offset by a foreign exchange loss while it was a foreign exchange gain in 2020
Revenues up 104% to S$1.6 billion (US$1.2 billion) from S$786.3 million (US$571.0 million)	■ reflecting a substantially higher average selling price per unit of electricity as a result of high oil prices and severe gas curtailment in the second half of 2021 ■ higher volume of electricity sold associated with economic recovery
Net operating expenses down 2% to S$23.0 million (US$17.1 million) from S$23.4 million (US$17.0 million)	■ reflecting higher other income on sales of carbon credit ■ partly offset by higher marketing and distribution expenses
EBITDA up 878% to S$111.5 million (US$83.0 million) from S$11.4 million (US$8.3 million)	■ reflecting substantial improvement in non-fuel margin for electricity sales and higher sales volume

Debt Profile

As at 31 December 2021, FPM Power's net debt stood at US$378.3 million while gross debt stood at US$437.4 million with most of the total debts due to mature by December 2026. All of the borrowings were floating-rate bank loans.

Singapore's Pioneer Offshore Solar Import Project

On 25 October 2021, PLP signed a Joint Development Agreement with consortium partners Medco Power Indonesia, a leading Indonesian independent power producer, and Gallant Venture Ltd., a Salim Group company, for a pilot solar import project from Bulan Island in Indonesia to Singapore.

The project has been granted in principle approval by the Energy Market Authority of Singapore. It is expected to have an installed generation capacity of 670 megawatt-peak in the initial phase, and will provide 100-megawatt equivalent of non-intermittent electricity, supplied via a dedicated plant-to-grid 230 kilovolt high voltage alternating current subsea connection to Singapore, with a schedule of commissioning in 2024.

Upon the completion of the development, the project is expected to offset over 357,000 tonnes of carbon emissions annually. It is in line with the Singapore Green Plan 2030 to increase renewable generation, and reduce Singapore's reliance on fossil fuels.

Outlook

Electricity demand grew 5.4% in 2021 on the back of a 7.6% economic expansion. The upward trend of electricity growth is expected to continue as the Singaporean economy is forecast to grow at 3.0% to 5.0% in 2022. The electricity market is expected to remain buoyant following its turnaround in 2021.

FP Natural Resources / RHi ROXAS HOLDINGS, INC.

SHARE OF LOSS

US$**8.9**million

RHI's production plants are engaged in essential food manufacturing and were accordingly exempted from the community quarantine imposed by the Philippine government in its response to the COVID-19 pandemic, remaining staffed onsite. To maintain its operations while addressing the pandemic crisis, RHI has been implementing strict disease prevention measures.

RHI's sugar mill in Batangas has a 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 the ethanol plant of San Carlos Bioenergy, Inc. ("San Carlos") has a daily production capacity of approximately 100,000 liters.

In 2021, FP Natural Resources' loss narrowed 10% to US$8.9 million (2020: US$9.9 million), reflecting a lower core net loss at RHI.

The disposal of La Carlota assets was completed on 30 September 2020. Excluding La Carlota assets, RHI's sugar milling increased 12% to 733 thousand tonnes (2020: 655 thousand tonnes), sales volumes of refined sugar and alcohol rose 32% to 751 thousand LKg (2020: 571 thousand LKg) and 91% to 31.7 million liters (2020: 16.6 million liters), respectively, while sales volume of raw sugar declined 74% to 193 thousand LKg (2020: 739 thousand LKg). The higher alcohol production from the San Carlos ethanol plant was partly offset by the adverse impact from the La Niña climate phenomenon which caused delays in cane harvesting and milling, and deteriorated cane yield.

Core net loss down 10% to 974 million pesos (US$19.7 million) from 1.1 billion pesos (US$21.8 million)	■ reflecting lower operating expenses and interest expenses ■ lower revenue ■ unfavourable gross margins due to decreased cane yield and adverse weather conditions
Reported net loss down 78% to 891 million pesos (US$18.1 million) from 4.1 billion pesos (US$83.3 million)	■ reflecting lower core net loss ■ the absence of loss on disposal of La Carlota assets and an impairment provision for goodwill recorded in 2020
Revenues down 34% to 5.0 billion pesos (US$100.3 million) from 7.5 billion pesos (US$150.9 million)	■ reflecting the absence of sales generated by the La Carlota assets ■ lower sales volumes of raw sugar and volume of milling service ■ lower alcohol prices ■ partly offset by higher sales volume of refined sugar and alcohol, and higher sugar prices
Operating expenses down 38% to 559 million pesos (US$11.3 million) from 904 million pesos (US$18.3 million)	■ reflecting the absence of operating expenses at the La Carlota assets and manpower reduction initiatives
EBITDA at a loss of 95 million pesos (US$1.9 million) from a profit of 71 million pesos (US$1.4 million)	■ reflecting unfavourable gross margins ■ partly offset by lower operating expenses
EBITDA margin to -2% from 1%	■ reflecting the EBITDA at a loss and lower revenue

Despite the inherent challenges in the industry with the significant decrease in cane supply in Batangas and increased fuel costs over the years, RHI managed to reduce its operating expenses through the implementation of manpower reduction initiatives, thus narrowing the net loss.

Debt Profile

In 2021, RHI managed to extend the maturity of certain short-term debt. As at 31 December 2021, long-term debt of RHI, including a convertible note, stood at 5.4 billion pesos (US$106.6 million) with maturities up until December 2028 at an annual interest rate of approximately 6.0%. Short-term debt stood at 202 million pesos (US$4.0 million) with an average interest rate of approximately 6.5%.

Outlook

RHI expects higher annual refined sugar and ethanol production on the back of expanded fuel sources for one of its boilers and higher supply of cane and molasses.

Turnover and recurring profit rose to record highs. I could not think of a better way to mark the 40th anniversary of First Pacific's founding back in 1981.

Dear fellow shareholders

I am pleased to report that First Pacific has delivered its strongest-ever earnings in 2021 notwithstanding pressures from the continuing COVID-19 pandemic. Turnover and recurring profit rose to record highs. I could not think of a better way to mark the 40th anniversary of First Pacific's founding back in 1981.

Our businesses are diversified geographically in Southeast Asia and across sectors – in consumer foods, telecommunications, infrastructure and natural resources. They all share a broad commitment to earning their income from delivering the products and services that consumers in the fast-growing economies of our region want and need. Our model sustains us in difficult times when demand is low and raises our earnings in periods of economic upswing. It has served us well these past 40 years.

All of our investee companies improved their contribution to First Pacific, led by Indofood with the first full-year contribution from Pinehill and strong demand growth in its domestic market. As the Philippines gradually lifted movement restrictions, MPIC's several businesses returned to growth. PLDT benefitted from continuing strong growth in demand for data services, led by the residential broadband offered by its Home business. Philex benefitted from surging metal prices.

Last year, as in 2020, management and staff in all our businesses showed resilience and compassion in the non-financial aspects of our shared responsibility to stakeholders. In Indonesia we donated food for millions of families struggling in the COVID-19 crisis and delivered personal protective equipment and medical equipment to dozens of medical institutions across the country. In the Philippines, our Tulong Kapatid and investee companies made similar charitable efforts in its pandemic response and raised funds and delivered aid to victims of Typhoon Odette.

I am proud of these efforts on behalf of our fellows and I am confident that we can be depended on in the future when help is needed. Our cohort of more than 120,000 fellow colleagues amount up to a very strong team.

In reviewing their efforts and accomplishments during the past year, I am confident that we are well placed for continuing earnings growth to new records in the years ahead. As we have shown in our pandemic response, we are people you can depend on.

Yours sincerely

Anthoni Salim
Chairman

31 March 2022

Managing Director and Chief Executive Officer's Letter

These strong earnings come amid great confidence as we begin to envisage a post-COVID world. I have not been more optimistic for our prospects at any time in the past four decades than I am now.

Dear shareholders

The engine, as they say, is firing on all cylinders. Indofood, PLDT, MPIC, Philex, and PLP all improved their contribution to First Pacific in 2021. Marking our 40th anniversary, turnover and recurring profit reached record highs – peaks that we expect to be surpassed in the years ahead.

The contribution leader in 2021 was Indofood, with a 22% rise in contribution on the strength of the first full-year contribution from its Pinehill businesses acquired in 2020 and continuing steady demand growth in its domestic markets. Net sales and profit reached record highs last year and we expect this to be a continuing trend going forward as Indofood increases the volume, variety, and quality of the consumer food products it provides to more than 1 billion consumers around the world.

PLDT delivered record service revenues last year as it continued to extend its domination in customer experience across both wireless and fixed-line businesses. Its three engines of earnings growth – Individual, Home, and Enterprise – continue to perform strongly, taking turns leading the way. In 2020 earnings growth was led by the Individual business as mobile phone users ramped up their consumption of data services and in the following year it was the turn of Home to take the lead, installing a record of 1.13 million residential broadband kits in 2021. After more than half a decade of robust capital expenditures, the gap in quality of customer experience between PLDT and its competitors now seems unsurmountable. PLDT's fintech investment, Voyager, saw its PayMaya digital payments business become the first and only telecommunications company to receive a Philippine digital banking license. This suggests strong potential growth in valuations of its parent PLDT on the promise of strong earnings from an economy where more than two thirds of people lack a formal bank account. Continuing earnings growth is seen in the years ahead.

MPIC saw its two biggest businesses – electricity and toll roads – deliver double-digit earnings growth while its water business Maynilad saw flat earnings on lower volumes of water consumption. Overall, MPIC saw its core profit nearly double from the low set in 2020 as the Philippines began climbing out of pandemic-inspired movement restrictions. Looking ahead, we expect continuing demand growth for all three main businesses even as new investments add potential catalysts to MPIC's earnings.

Philex benefited from sharply higher copper prices as its core profit more than doubled even as the volume of gold and copper produced declined slightly from a year earlier. Philex is looking ahead with optimism for the development of its new mining project in Mindanao, Silangan. This represents the future for Philex and we will be keeping a close eye on development of this copper and gold project.

PacificLight Power, or PLP, delivered a very large and very pleasant surprise, as it swung from several years of losses operating in a high-supply market to a positive contribution to First Pacific bigger even than that of Philex owing to sharp growth in demand for electricity in Singapore. Continuing demand growth will underpin PLP's earnings going forward but we are hopeful of new revenue sources resulting from projects between PLP, Meralco, First Pacific, and other businesses in the Salim Group to build solar power facilities in nearby Indonesian island for export to Singapore, where the growing data center industry has a voracious appetite for clean electricity. Renewable electricity generation sits alongside fintech as areas of keen interest for our Group going forward.

Our 40th year has ended on as positive a note as one can expect. Our record high earnings come with a commitment to pay 25% of recurring profit to our shareholders and a three-year US$100 million share repurchase program announced in March 2021. These strong earnings come amid great confidence as we begin to envisage a post-COVID world. I have not been more optimistic for our prospects at any time in the past four decades than I am now. My heartfelt gratitude goes out to all my colleagues throughout the First Pacific Group for making this possible, and to our customers, shareholders, communities and other stakeholders. We couldn't have reached this peak without you.

Yours sincerely

Manuel V Pangilinan
Managing Director and Chief Executive Officer

31 March 2022

Board of Directors and Senior Executives

Board of Directors

Anthoni Salim
Chairman

Age 72, Mr. Salim graduated from Ewell County Technical College in Surrey, England. He is the President and CEO of the Salim Group, President Director and CEO of PT Indofood Sukses Makmur Tbk and PT Indofood CBP Sukses Makmur Tbk, and holds positions as Commissioner and Director in various companies.

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

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

Manuel V. Pangilinan
Managing Director and Chief Executive Officer

Age 75, Mr. Pangilinan graduated cum laude from the Ateneo de Manila University, with a Bachelor of Arts degree in Economics. He received his MBA degree from the Wharton School at the University of Pennsylvania. In Manila, he worked for Philippine Investment Management Consultants Inc. (PHINMA) in the Philippines, and in Hong Kong with Bancom International Limited and American Express Bank. Thereafter he founded First Pacific in May 1981.

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

In recognition of Mr. Pangilinan's contributions to the country, the Philippine Air Force awarded him the rank of Lieutenant Colonel (Res) in a promotion list approved by the Philippine President in July 2021. In 2006, the Office of the President of the Philippines awarded Mr. Pangilinan the Order of Lakandula with the rank of Komandante. He was named Management Man of the Year 2005 by the Management Association of the Philippines. Mr. Pangilinan was awarded the First Honorary Doctorate Degree in Management by Asian Institute of Management in 2016, Honorary Doctorate in Science by Far Eastern University in 2010, in Humanities by Holy Angel University in 2008, by Xavier University in 2007 and by San Beda College in 2002 in the Philippines. He was formerly Chairman of the Board of Trustees of the Ateneo de Manila University and was a member of the Board of Overseers of the Wharton School.

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

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

Christopher H. Young

Executive Director and Chief Financial Officer

Age 64, Mr. Young graduated from Waid Academy in Scotland and received a Master of Arts (Honors) degree in Economics from St. Andrews University.

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

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

Professor Edward K.Y. Chen

GBS, CBE, JP

Independent Non-executive Director

Age 76, educated at the University of Hong Kong and Oxford University, Professor Chen is an Independent Non-executive Director of Wharf Holdings Limited. He has served as President of Lingnan University; Professor and Director of the Centre of Asian Studies of the University of Hong Kong; Chairman of Hong Kong's Consumer Council; as an Executive Councillor of the Hong Kong Government; and as a Legislative Councillor. He is now the Chairman of the HKU SPACE Board of Directors, a Board Director of the Hong Kong Institute for Monetary Research of the Hong Kong Monetary Authority, a Distinguished Fellow of the Hong Kong Institute for the Humanities and Social Sciences at the University of Hong Kong, and Honorary Professor of Hong Kong Metropolitan University (formerly The Open University of Hong Kong). Professor Chen joined First Pacific's Board in 1993.

Philip Fan Yan Hok

Independent Non-executive Director

Age 72, Mr. Fan holds a Bachelor's Degree in Industrial Engineering, a Master's Degree in Operations Research from Stanford University and a Master's Degree in Management Science from Massachusetts Institute of Technology.

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

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

Madeleine Lee Suh Shin

Independent Non-executive Director

Age 59, Ms. Lee graduated with a Bachelor of Arts Honours in Economics and Accounting from the University of Leeds, UK and a Master of Business Administration from the University of Bradford, UK. She obtained her Chartered Financial Analyst qualification in 1989.

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

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

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

Margaret Leung Ko May Yee

SBS, JP

Independent Non-executive Director

Age 69, Mrs. Leung holds a Bachelor's Degree in Economics, Accounting and Business Administration from the University of Hong Kong. She was the Vice-Chairman and CEO of Hang Seng Bank Limited and Chairman of Hang Seng Bank (China) Limited prior to her retirement on 30 June 2012. Mrs. Leung also held various pivotal positions in HSBC Holdings Plc and The Hongkong and Shanghai Banking Corporation Limited from February 1978 until 30 June

2012. She was the Deputy Chairman and Managing Director of Chong Hing Bank Limited from February 2014 to May 2018. She was also an Independent Non-executive Director of the Hong Kong listed Swire Pacific Limited, Hutchison Whampoa Limited, China Construction Bank Limited, Hong Kong Exchanges and Clearing Limited, and Li & Fung Limited. Mrs. Leung was the Chairman of the Board of Governors of Hang Seng Management College and Hang Seng School of Commerce until March 2013, and a Member of the Advisory Board and Chairman of the Investment Committee of the Hong Kong Export Credit Insurance Corporation until December 2010.

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

Blair C. Pickerell

Independent Non-executive Director

Age 65, Mr. Pickerell holds a BA degree in Political Science and an MA degree in East Asian Studies from Stanford University and an MBA degree from Harvard Business School.

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

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

Mr. Pickerell is also a member of the Supervisory Committee of Tracker Fund of Hong Kong, Chairman of the Harvard Business School Association of Hong Kong Limited and a member of the International Advisory Council of the Faculty of Business and Economics of The University of Hong Kong.

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

Axton Salim

Non-executive Director

Age 42, Mr. Salim obtained a Bachelor of Science degree in Business Administration from the University of Colorado, USA.

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

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

Benny S. Santoso

Non-executive Director

Age 63, Mr. Santoso graduated from Ngee Ann College in Singapore. He serves as a Commissioner of PT Indofood Sukses Makmur Tbk, a President Commissioner of PT Nippon Indosari Corpindo Tbk, a Commissioner of PT Fast Food Indonesia Tbk, a Director of PT Indocement Tunggal Prakarsa Tbk and PT Nusantara Infrastructure, Tbk, and as a member of the Advisory Board of PLDT Inc. He joined First Pacific's Board in 2003.

Senior Executives

Marilyn A. Victorio-Aquino
Associate Director

Age 66, Ms. Aquino was educated at the University of Santo Tomas (A.B.) and University of the Philippines (LL.B., cum laude) and qualified as a barrister in the Philippines in 1981. She joined Sycip Salazar Hernandez and Gatmaitan Law Offices in the Philippines in 1980 where she became a partner in 1989. Ms. Aquino's practice focused on banking, finance and securities, construction and infrastructure, investments, mergers and acquisitions, and mining and natural resources.

Ms. Aquino is the President of First Coconut Manufacturing Inc. and a Director of Philex Mining Corporation, Philex Gold Philippines, Inc., PXP Energy Corporation, Silangan Mindanao Mining Company Inc., Lepanto Consolidated Mining Company and Maynilad Water Services, Inc. She was appointed Chief Legal Counsel and Senior Vice President of PLDT in January 2019, and was elected Corporate Secretary in January 2022. Ms. Aquino joined First Pacific in 2012.

Ray C. Espinosa
Associate Director

Age 65, Mr. Espinosa has a Master of Laws degree from the University of Michigan Law School and is a member of the Integrated Bar of the Philippines. He was a partner of SyCip Salazar Hernandez & Gatmaitan from 1982 to 2000, a foreign associate at Covington and Burling (Washington, D.C., USA) from 1987 to 1988, and a law lecturer at the Ateneo de Manila School of Law from 1983 to 1985 and 1989.

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

Mr. Espinosa is also a trustee of the Beneficial Trust Fund of PLDT. Mr. Espinosa joined First Pacific in 2013. He is First Pacific Group's Head of Government and Regulatory Affairs and Head of Communications Bureau for the Philippines.

Joseph H.P. Ng
Associate Director

Age 59, Mr. Ng received an MBA and a Professional Diploma in Accountancy from Hong Kong Polytechnic University. He is a member of the Hong Kong Institute of Certified Public Accountants, the Association of Chartered Certified Accountants and the Institute of Chartered Accountants in England and Wales. Mr. Ng is a Commissioner of PT Indofood Sukses Makmur Tbk, a Non-executive Director of Philex Mining Corporation and PXP Energy Corporation, and a Director of PacificLight Power Pte. Ltd., which are First Pacific Group subsidiary and associates.

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

John W. Ryan
Associate Director

Age 56, Mr. Ryan received a Bachelor of Arts degree from the University of Connecticut and completed a Master of Philosophy course on Slavonic and East European Studies at St. Antony's College, Oxford University. He spent several years as a financial journalist, opening and leading Bloomberg's Moscow bureau for five years in the early 1990s and later joining Dow Jones as Bureau Chief over the period 1998–2004 in Moscow and Hong Kong. Mr. Ryan subsequently served as Head of Corporate Communications, Asia Pacific for HSBC's wholesale bank. He joined First Pacific in 2010. Prior to his appointment as Associate Director in April 2019, Mr. Ryan was Executive Vice President of Group Corporate Communications. He is currently Group Chief Investor Relations and Sustainability Officer, and a Commissioner of PT Indofood Sukses Makmur Tbk.

Victorico P. Vargas
Associate Director

Age 69, Mr. Vargas was educated at Ateneo de Manila and University of Santo Tomas.

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

He is a Director of Meralco, Smart Communications, Inc., MGen Global Business Power, Maya Bank, Inc., PLDT Global, Corp., PLDT Subic Telecom, Inc., PLDT Clark Telecom, Inc., Beacon Electric Asset Holdings, Inc., and Beacon PowerGen Holdings, Inc., President and Member of the Board of Trustees of the First Pacific Leadership Academy, Trustee of the MVP Sports Foundation, PLDT Smart Foundation, Inc. and IdeaSpace Foundation and President of the PhilPop Music Fest Foundation.

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

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

Age 52, Mr. Chan received a BBA (Hons) degree from Hong Kong Baptist University and an MBA from the Chinese University of Hong Kong. He is a Certified Public Accountant (Practising), a CFA charterholder and a Fellow of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants. He has experience in auditing, accounting, finance and management spanning a diverse range of business activities. He serves as a Non-executive Director of Philex Mining Corporation since January 2019, which is First Pacific Group associate.

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

Maisie M.S. Lam

Executive Vice President
Group Human Resources

Age 67, Ms. Lam received a Diploma from the Hong Kong Polytechnic University/ Hong Kong Management Association. She joined First Pacific in 1983.

Peter T.H. Lin

Executive Vice President
Group Treasury and Tax

Age 52, Mr. Lin received a MSc in Management Sciences from the University of Southampton and a BSc in Economics and Statistics from Coventry University. He is a Fellow of the Institute of Chartered Accountants in England and Wales, Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants. Mr. Lin joined First Pacific in 1998 from KPMG where he was a Tax Manager. Prior to his appointment as Executive Vice President, Group Treasury and Tax in April 2019, Mr. Lin was Deputy Treasurer and Vice President of Group Tax.

Stanley H. Yang

Executive Vice President
Group Corporate Development

Age 45, Mr. Yang received a Bachelor of Science degree in Economics from the Wharton School of the University of Pennsylvania. He oversees First Pacific's corporate development and investment activities including mergers and acquisitions, joint ventures, strategic partnerships, and other strategic initiatives for the group. Prior to joining First Pacific, Mr. Yang worked at Deutsche Bank where he led investment banking coverage in Asia for the industrials sector. He also previously served as director of Deutsche Bank's mergers and acquisitions department where he advised clients on mergers and acquisitions, divestments and leveraged transactions across Asia and the United States. Mr. Yang began his career in New York in 1998 gaining experience in principal investing and investment banking, and he subsequently transferred to Hong Kong in 2007. He joined First Pacific in 2013 and is currently a Director of PacificLight Power Pte. Ltd.

Sara S.K. Cheung

Vice President
Group Corporate Communications

Age 58, Ms. Cheung received a BA in Business Economics from the University of California, Los Angeles and an MBA from Southern Illinois University, Carbondale. She is a member of the Hong Kong Investor Relations Association. She joined First Pacific in 1997 from the Public Affairs department of Wharf Limited and Wheelock and Company.

Nancy L.M. Li

Vice President
Company Secretary

Age 64, Ms. Li received a BA from McMaster University in Canada and a MSc in Corporate Governance and Directorship from Hong Kong Baptist University. She is a Fellow of both The Chartered Governance Institute (formerly known as The Institute of Chartered Secretaries and Administrators) and The Hong Kong Institute of Chartered Secretaries, holding dual designations of Chartered Secretary and Chartered Governance Professional. Ms. Li joined First Pacific in 1987 from the Hong Kong Polytechnic University's academic secretariat. Prior to that, she worked in the company secretarial department of Coopers & Lybrand. Ms. Li was appointed as First Pacific's Company Secretary in 2003.

Corporate Social Responsibility Report

Corporate Social Responsibility Report

The corporate social responsibility ("CSR") focuses of First Pacific, its investee companies, associated companies and foundations ("First Pacific Group") are highlighted below.

First Pacific Charitable Fund

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

TULONG KAPATID

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

MVP SPORTS FOUNDATION

The MVP Sports Foundation is the driving force in the development of world-class Filipino sports champions promoting the culture of sports at all levels. The Foundation's activities include:
- Identifying and developing athletes at grassroots and elite levels, providing quality sports programs and supporting Filipino athletes
- Supporting badminton, basketball, boxing, cycling, football, golf, taekwondo, rugby, weightlifting, gymnastics, skateboarding, rowing, and surfing
- Supporting the national team that won the first gold for the Philippines (weightlifting) in the Tokyo 2020 Olympics. Also won two silver and one bronze medals for boxing.
- Further raising the level of Filipino athletes and developing the potential of young sport talents through partnership with the National Sports Associations and the establishment of Community Sports and Youth Development

ideaspace

Promotes technology and science-based entrepreneurship in the Philippines:
- Sustains the growth of IdeaSpace and QBO Innovation Hub, by engaging startup members, community interest, and partners and collaborators
- Nurtures community and ecosystem through annual Philippine Startup Week, startup development programs, and startup funding
- Offers financial support and training to technology and technology-enabled start-ups
- Supports corporate innovation programs through innovation workshops

Indofood THE SYMBOL OF QUALITY FOODS

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

PLDT Smart FOUNDATION

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

METRO PACIFIC INVESTMENTS FOUNDATION Reaching Out to Change Lives

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

PHILEX MINING CORPORATION

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

PacificLight

Support with emphasis on environmental advocacy and sustainability through educational and practical assistance for the community:
- By engaging in socially responsible and ethical acts in the environment of Singapore
- Creating a positive change by supporting underprivileged communities through involvement in donation drives
- Supporting recycling and educational outreach to the community

RHI ROXAS HOLDINGS, INC.

Focusing on social and environmental initiatives:
- Community development through education and livelihood assistance
- Environmental stewardship and sustainable initiatives
- Volunteerism and local partnerships

ONE MERALCO FOUNDATION

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

Maynilad

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

MPTC METRO PACIFIC TOLLWAYS

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

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

A Culture of Responsibility and Sustainable Advancement

First Pacific values the importance of sustainability and the impacts that it has on the community, the environment, and society more broadly. It is committed to integrating positive ESG practices throughout its business and its subsidiaries. More details are available at www.firstpacific.com/sustainability/policies.php.

First Pacific engaged in a dual mission in 2021: to deliver steady growth and to mark the Company's 40th anniversary year by giving back to the communities we serve.

Despite unprecedented challenges to business and to CSR initiatives wrought by the pandemic, the First Pacific Group remains committed to providing support to our communities, with appropriate safety arrangements in place for employees, customers, and other stakeholders, and in compliance with local regulations and movement restrictions.

Additional information of our major investee companies' CSR activities are available on their websites:

Indofood at www.indofood.com/sustainability
PLDT at main.pldt.com/about-us/corporate-citizenship
MPIC at www.mpic.com.ph/csr/
Philex at www.philexmining.com.ph/

An Anniversary year dedicated to our communities

First Pacific Group serves with compassion throughout the unprecedented challenges of COVID-19

In 2021, First Pacific Group's over 121,000 employees redoubled their efforts to provide vital services and products in Southeast Asia, such as food, telecommunications, water, electricity, healthcare, and support to our communities. Our people's tireless dedication and caring have nurtured the First Pacific Group for the past four decades. With support from our stakeholders, we are changing lives - and the communities we operate in - for the better, and for a sustainable future.

First Pacific celebrated its 40th anniversary in 2021 by getting back to grass roots. We have been honored to be able to support vulnerable groups, who were particularly impacted by COVID-19, in Hong Kong, Indonesia and the Philippines, with an approximate total of HK$3 million (US$384,615) of special donations.

In Hong Kong, First Pacific's special donations contributed 5,800 hot meals to Gingko House's LOVE Project for elderly, homeless, disabled, unemployed workers, and underprivileged families, and funded Healthy Hong Kong to provide 592 free consultations, Chinese medicine and medical services to low-income groups and the needy elderly. It also funded the Hong Kong Association of the Deaf in providing comprehensive social, medical and educational services to the deaf, people with hearing-impaired problems and their families, and others with disabilities; Hong Kong Bayanihan Trust which provides support for overseas domestic helpers in Hong Kong, and facilities that benefit approximately 4,000 users per month; Hong Kong Children's Charity Foundation which provides equal opportunities for grassroots children with learning difficulties, special needs and health problems; Save the Children Hong Kong's three-year project "Bright Start, Philippines" supporting over 3,500 marginalized children; and Senior Citizen Home Safety Association's Care-on-Call Personal Emergency Link services for eligible senior citizens.

With the assistance of Indofood, First Pacific's donation contributed to three charitable entities in Indonesia. They rolled out much-needed COVID-19 relief to local communities. Indonesian Buddhist Tzu Chi Foundation's vital COVID-19 related initiative "Pengusaha Peduli NKRI" assists millions of people with food and other necessities, as at end-2021 it had distributed over 8 million kilograms of rice to over 1.6 million families, and over 1,100 oxygen concentrators and other medical needs to 22 institutions and 25 hospitals in Metro Jakarta and 11 provinces. WeCare.id collaborated with the Berbagi Sarapan community, providing over 5,700 ready-to-eat meals and over 1,000 food packages for the needy, personal protective equipment for health workers, and oxygen cylinders to those self-isolating at home. First Pacific's donation to Human Initiatives was allocated to providing food packages to gravediggers and other frontline workers, developing sustainable community nutrition, and supporting an ongoing COVID-19 vaccination program in Bandung.

In the Philippines, Tulong Kapatid ("*Brotherly Help*"), the consortium of corporate foundations and investee companies of the First Pacific Group in the country, supported communities through a wide range of initiatives under project #FirstPacificAt40. With the assistance of PLDT, Smart Communications, PLDT-Smart Foundation, Metro Pacific Investments Foundation, One Meralco Foundation, Maynilad Water, Alagang Kapatid Foundation, Asian Hospital Charities, Cardinal Santos Medical Center Foundation, and Makati Medical Center Foundation, approximately 13,000 individuals, families, and frontline workers were recipients of over 5,200 food bags, over 3,300 hot meals, 3,500 care bags, 100 Smart retailer phone kits, 500 units of Smart LTE Pocket Wi-Fi and load cards, and 30 sewing machines. In addition, the *Bike for Livelihood* Project partnered with Woman In Action, and a total of 500 bikes, with First Pacific contributing 100, were distributed to city government units and communities.

Donations for victims of Typhoon Odette

Approximately 2.4 million people in the Philippines were affected by Typhoon Odette in mid-December - the country's worst storm in 2021. It caused massive destruction in Siargao, Dinagat Island, Cebu, Bohol, Southern Leyte, Palawan, and nearby areas. The First Pacific Group's investee companies immediately provided help through fundraising initiatives and reaching out to assist those most in need of water, food, clothes, shelters, electricity and much more.

To support the fundraising effort, First Pacific Group companies, with its directors and employees in their personal capacity, donated over 45 million pesos (US$911,669) to this meaningful mission.

Volunteering policy

To encourage employees' participation and contributions to our community, First Pacific employees may request up to 24 hours per annum of paid volunteer time to participate in activities at schools and non-profit charitable organizations in Hong Kong. This includes a day off on the designated day of blood donation at Hong Kong Red Cross donor centers.

In addition to the 40th Anniversary special donations, we supported in Hong Kong the following:

- Crossroads Foundation
- Hong Kong Green Day 2021 hosted by the Green Council
- Hongkong Land HOME FUND's Matching Gift Program for Tenants
- Scholarships at Lingnan University
- The Philippine Association of Hong Kong
- The Society for the Relief of Disabled Children

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

- First Pacific Leadership Academy
- MVP Sports Foundation

Donating usable items to Crossroads Foundation

During December 2021 to January 2022, a total of nine large bags of good quality clothes, shoes, bags, books and toys donated by First Pacific employees were collected and delivered to a Hong Kong-based charity, Crossroads Foundation.

Employee engagements

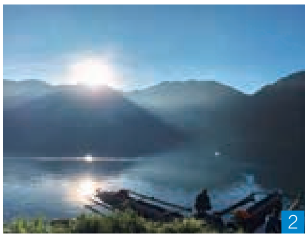
We encourage the management and staff of the First Pacific Group companies to support and participate in activities that foster team spirit and bonding, and to communicate through formal and informal channels, CSR outreach, and group-wide activities.

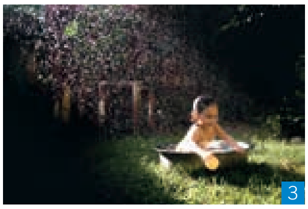
Photo competition

All employees of all companies in the First Pacific Group were invited to participate in the 7th First Pacific Group photo competition. We received a total of 611 entries from enthusiastic photographers from 25 investee companies. Participants captured their photos under the themes: “My memorable moments of 2021, environmental/sustainability initiatives at work or at home, and serving customers in the new normal.”

The five winning photos are:

1 Champion: *A Climb of Hope* by Proilan S. Ledama, from MTP South
2 1st Runner-up: *New Day, New Hope* by Gene Marc D. Esparagoza, from St. Elizabeth Hospital
3 2nd Runner-up: *No Outing, No Problem* by Ned Ephraim H. Banguilan, from PLDT
4 3rd Runner-up: *Paper Substitute* by Al Jerus SM. Rayo, from MPTC
5 4th Runner-up: *Tower Rigger* by Samie A. Gonzaga, from Smart Communications





The View magazine

This bi-annual magazine provides insights into First Pacific Group initiatives, highlights milestones, stories of our people, and the development and achievements of various projects. We engage the First Pacific Group’s employees and our stakeholders through the digital version of *The View* on the First Pacific website.

In 2021, the magazines shared First Pacific’s 40th anniversary and the remarkable journey of the First Pacific Group’s evolution, learning, growing, and evolving through changing conditions. We covered key stories of PLDT and Smart’s 5G evolution, Voyager’s digital banking services, the transformation of First Pacific Group’s businesses with innovation, and expansion of renewable energy businesses at Meralco and PacificLight Power. At the grassroots level, First Pacific Group touched the lives of so many with vaccine aid, livelihood projects, food and sustainable gardening, environmental protection and much more. These activities continue to reflect our commitment to society.

Perseverance and hope

The First Pacific Group holds firm to its core values and mission to create long-term value in Asia for a more sustainable future. Our experience leaves us better prepared for a secure future and continues to provide quality, reliable and affordable vital products and services, including food, raw materials, integrated telecommunications, power, water, toll roads and medical care that support and connect people at all levels of society.

Corporate Governance Report

Governance Framework

First Pacific is committed to maintaining and upholding high standards of corporate governance with a view to safeguarding the interests of our shareholders, employees and other relevant stakeholders. The Company's Corporate Governance Committee, comprising mainly of Independent Non-executive Directors ("INEDs") and chaired by an INED, is delegated with the responsibility to supervise the Company's corporate governance functions.

The Corporate Governance Committee reviewed the Company's corporate governance practices in respect of the year ended 31 December 2021 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 the Listing Rule requirements. As recommended by the Corporate Governance Committee, the Board approves the Company's ESG report for publication on the websites of the The Stock Exchange of the Hong Kong Limited (the "SEHK") and of the Company on an annual basis.

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 the 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 investee 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 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 investee companies is 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 its major investee 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 investee 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 2021.

Directors' interest in securities of the Company and its associated corporations as at 31 December 2021 have been disclosed in the Report of the Directors as set out in this Annual Report.

Whistleblowing Policy

To promote good governance, the Company has put in place a Whistleblowing Policy, which is intended to assist employees and those who deal with the Group to disclose information relevant to any suspected misconduct, malpractice or irregularity which he/she has become aware of or genuinely suspects that the Group has been or may become involved in. Any suspected cases can be reported through a confidential reporting channel directed to the Chairman of the Audit and Risk Management Committee. The policy is regularly reviewed to ensure its effectiveness and is posted on the Company's website (www.firstpacific.com). In 2021, the Company did not receive any disclosure under the Whistleblowing Policy.

Board of Directors

At the Company's annual general meeting ("AGM") held on 10 June 2021, Mr. Tedy Djuhar did not stand for re-election as a Non-executive Director of the Company and retired from office upon conclusion of the AGM to pursue his other personal interests. Accordingly, Mr. Djuhar ceased to be a Non-executive Director of the Company on 10 June 2021.

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

Non-executive Directors	Independent Non-executive Directors	Executive Directors
Anthoni Salim *(Chairman)* Term of Re-appointment: 10 June 2021 (re-elected) to 2024 AGM	**Prof. Edward K.Y. Chen,** *GBS, CBE, JP* Term of Re-appointment: 16 June 2022 (to be re-elected) to 2025 AGM	**Manuel V. Pangilinan** Term of Re-appointment: 16 June 2022 (to be re-elected) to 2025 AGM
Benny S. Santoso Term of Re-appointment: 16 June 2020 (re-elected) to 2023 AGM	**Margaret Leung Ko May Yee,** *SBS, JP* Term of Re-appointment: 16 June 2022 (to be re-elected) to 2025 AGM	**Christopher H. Young** Term of Re-appointment: 16 June 2022 (to be re-elected) to 2023 AGM
Axton Salim Term of Re-appointment: 16 June 2020 (re-elected) to 2023 AGM	**Philip Fan Yan Hok** Term of Re-appointment: 10 June 2021 (re-elected) to 2024 AGM	
	Madeleine Lee Suh Shin Term of Re-appointment: 10 June 2021 (re-elected) to 2024 AGM	
	Blair Chilton Pickerell Term of Re-appointment: 16 June 2020 (re-elected) to 2023 AGM	

Board Process

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

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

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

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

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

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

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

The Board reviews and evaluates its work effectiveness annually with a view to identifying areas for improvement and further enhancement. In June 2021, due to the worldwide travel restriction under COVID-19 pandemic, the meeting between the INED and the Chairman, without the presence of Executive Directors and management, was conducted via video conference.

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

Board Evaluation

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

As in the previous year, the Company's FY2021 Board Evaluation was internally administered through an online questionnaire. The Directors indicated that they are clear about the roles and functions of the Board and their responsibilities as Directors. They considered that the Board works cohesively and effectively together, with open and candid discussions on strategy and important issues, and that there is an effective collaboration among the Board and Board Committee members. There is a good diversity of talents, especially at the independent non-executive director level, with expertise in accounting and finance, investments, banking, academia, and general management. The independent non-executive directors show a good degree of independence and are not afraid to raise questions, or make suggestions on important decisions.

The Directors are generally satisfied with the oversight of performance of the Company and its investee companies, integrity of financial statements, discussions on risk management issues, and worked closely and effectively with management with regard to a number of important matters in the past year. The Directors considered the Strategic Session held during the year to be helpful in providing more time to focus on overall corporate strategic direction and investment planning, in addition to monitoring the performance of the individual businesses. The majority of the Directors are very experienced and there is a good balance between members with longer tenure and new members which means the Board keeps apprised of business and economy changes and also how new technology may impact the Company's business model. The Directors also considered that succession planning needs to be addressed given that a number of the Directors are quite mature. It was considered that some of these suggestions can be addressed by refinements in Board processes, including specific Board sessions being allocated for discussions regarding strategy and succession planning, review of the 5-year performance of the major investee companies by looking at their return on equity, earnings growth, share price performance, etc. Suggestions for Directors' training topics include ESG compliance; updates on the development of BEPS 2.0 (Base Erosion and Profit Shifting) and its implications on the Company and its investee companies; briefing on Meta and opportunities it might bring to the Company, and new technology such as crypto, NFT and other fintech developments. The Directors considered the inability to travel to overseas business divisions due to the COVID-19 pandemic reduced the opportunity to meet with senior management of the investee companies, which would otherwise help in understanding their operations.

Attendance Records

The Board held five regular meetings and one Strategic Session during the year, which focused on the Group's initiatives, strategies and succession planning. The attendance records of the Board and Board Committee meetings as well as the AGM and SGM held in 2021 are shown in the following table, noting that there was no meeting held by the Ad Hoc Selection Committee during the year. The overall attendance rate of Directors at Board Meetings and Board Committee meetings were approximately 96%. The high attendance record at the Board and Board Committee meetings in 2021 demonstrates our Directors' strong commitment to the Company.

	Meetings held in 2021								
	Regular Board	Audit and Risk Management Committee	Corporate Governance Committee	Remuneration Committee	Nomination Committee	Finance Committee	Strategic Session	2021 AGM	SGM
Number of Meetings	5	4	2	1	1	3	1	1	1
Executive Directors									
Manuel V. Pangilinan	5/5	–	–	–	0/1	3/3	1/1	1/1	1/1
Christopher H. Young	5/5	–	–	–	–	–	1/1	1/1	1/1
Non-executive Directors									
Anthoni Salim	5/5	–	–	1/1	1/1	–	1/1	1/1	1/1
Benny S. Santoso	5/5	–	–	–	–	–	1/1	1/1	1/1
Tedy Djuhar*1	0/2	–	–	–	–	–	N/A	0/1	0/1
Axton Salim*2	5/5	–	2/2	–	–	N/A	1/1	1/1	1/1
Independent Non-executive Directors									
Prof. Edward K.Y. Chen, *GBS, CBE, JP*	5/5	4/4	–	1/1	1/1	3/3	1/1	1/1	1/1
Margaret Leung Ko May Yee, *SBS, JP*	5/5	4/4	2/2	–	–	3/3	1/1	1/1	1/1
Philip Fan Yan Hok	5/5	–	2/2	1/1	1/1	3/3	1/1	1/1	1/1
Madeleine Lee Suh Shin	5/5	4/4	2/2	–	1/1	3/3	1/1	1/1	0/1
Blair Chilton Pickerell	5/5	–	2/2	–	–	3/3	1/1	1/1	1/1
Average Attendance Rate	96%	100%	100%	100%	80%	100%	100%	91%	82%

*1 Mr. Tedy Djuhar retired from the Board with effect from the conclusion of the 2021 AGM, being 10 June 2021.

*2 Mr. Axton Salim was appointed as a member of the Finance Committee on 10 December 2021.

Board Diversity

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

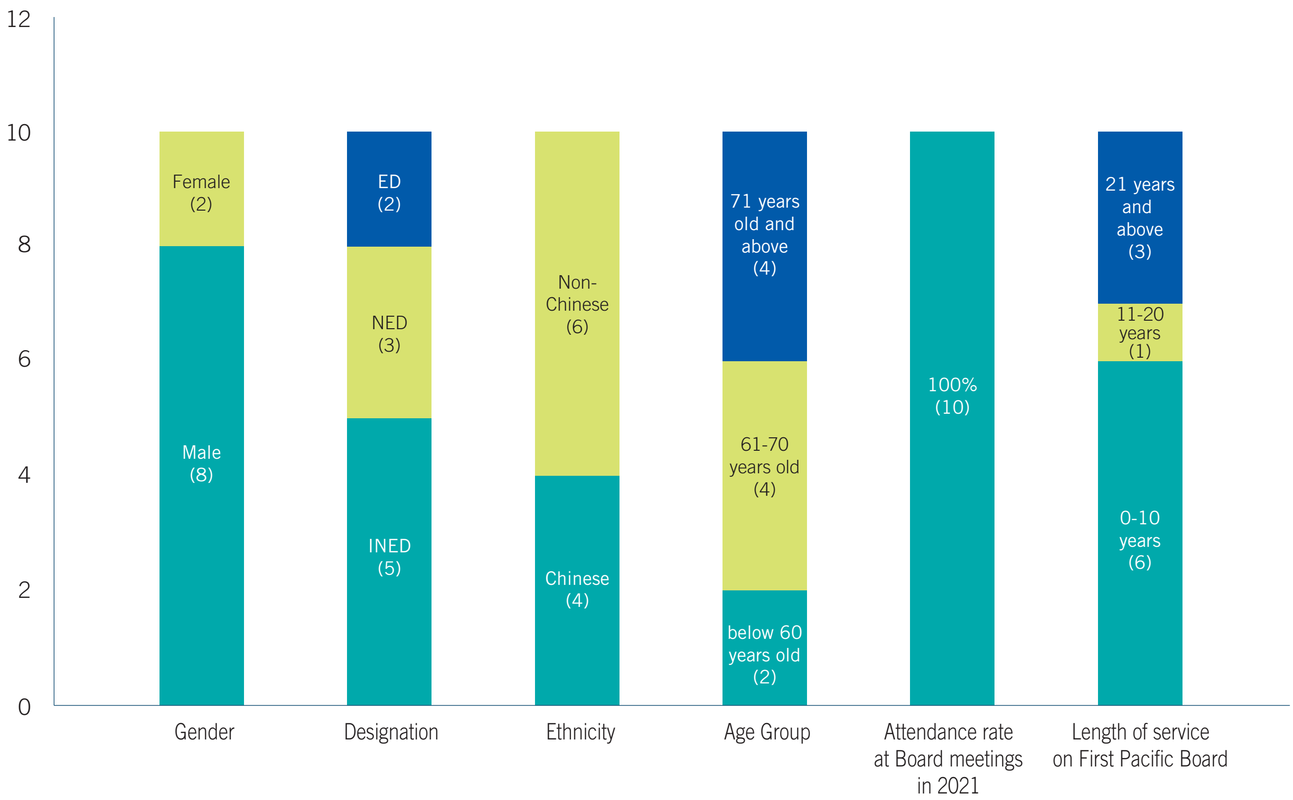
As at the date of this Annual Report, Members of the Board came from different background, with a diverse range of academic, business and professional expertise. Brief biographical information of each of our Directors is set out in the section "Board of Directors and Senior Executives" on pages 38 to 41 of this Annual Report.

The Board considers that its diversity is a vital asset to its businesses. The Board adopted a Board Diversity Policy, which is available on the Company's website (www.firstpacific.com) under the Corporate Governance Section. Board appointments are based on merit and candidates are considered against objective criteria, having due regard for the benefits of diversity on the Board, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service.

The Company remains committed to meritocracy in the Board room, which requires a diverse and inclusive culture where Directors believe that their views are heard, their concerns are attended to and they serve in an environment where bias, discrimination and harassment are not tolerated. While building a company's culture is a process that evolves over time, the Directors have regular reflection on the company's culture and evaluate whether it aligns with the purpose, value and strategy of the Company in the ever changing environment. The Board also embeds a robust culture of compliance to ensure Rule and regulatory compliance.

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

Number of Directors



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

Chairman and Chief Executive

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

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

Responsibilities of Directors

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

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

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

The Company has purchased Directors' and Officers' Liability Insurance for a total liability limit of US$40 million, renewable annually in May of each year. The underwriters are Berkshire Hathaway Specialty Insurance Company and AIG Insurance Hong Kong Limited, who are both specialists in the Directors' and Officers' Liability Insurance market.

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

Appointment and Re-election of Directors

The Company uses a formal, considered and transparent procedure for the appointment of new Directors. Before a prospective Director's name is formally proposed, opinions of the existing Directors (including the NEDs and INEDs) will be solicited. The proposed appointment will first be reviewed by the Nomination Committee, taking into account the balance of skills, knowledge and experience and diversity of the Board. Upon recommendation by the Nomination Committee, the proposed appointment will then be reviewed and, if thought fit, approved by the Board after due deliberation.

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

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

Following such assessment, the Nomination Committee affirmed and the Board concurred, that all the INEDs continued to demonstrate strong independence in judgment, free from any business or other relationship which could interfere with their ability to discharge their duties effectively, and are therefore considered independent. Each INED is required to inform the Company as soon as practicable if there is any change in their own personal particulars that may affect their independence. No such notification was received during 2021.

Other than Mr. Anthoni Salim, who is the father of Mr. Axton Salim, none of the Directors have any financial, business, family, or other material/relevant relationship with each other. Non-executive Directors (including INEDs) have the same duties of care and skill and fiduciary duties as Executive Directors. The biographies of Directors are set out in the section "Board of Directors and Senior Executives" on pages 38 to 41 of this Annual Report.

Succession Planning

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

Directors' Training

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

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

During the year, the Company arranged for two Directors' trainings provided by our external ESG consultant in relation to (i) climate change risks and disclosures; and (ii) Anti-Bribery, Corruption, and Cyber Fraud. The Directors' trainings were attended by a majority of Directors and senior management.

Furthermore, some Directors also attended external seminars on topics relevant to their duties as Directors, including topics such as updates on corporate governance and internal control; green and renewable energy and Post-Pandemic World. The Company maintains proper records of the training provided to and received by its Directors.

Board Committee

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

Δ Chairman of the Committee
* INED
\# NED
o ED

During the year, Mr. Axton Salim was appointed as a member of the Finance Committee on 10 December 2021.

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

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

Audit and Risk Management Committee

The Audit and Risk Management Committee currently comprises of all INEDs, and is chaired by Ms. Madeleine Lee Suh Shin, who possesses appropriate professional qualifications and experience in financial matters. The other two members, Mrs. Margaret Leung and Prof. Edward Chen, also possess relevant qualification and experience in accounting and financial matters. The biographical information of the three members is set out in the section "Board of Directors and Senior Executive" on pages 40 and 41 of this Annual Report. This is in compliance with Rule 3.21 of the Listing Rules.

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

Members of the Audit and Risk Management Committee meet at least twice a year with the Company's independent auditor and hold one separate session per year in the absence of management. The Audit and Risk Management Committee discusses the audit process, accounting issues and reviews the effectiveness of risk management and internal control systems. Special meetings are also convened, where appropriate, to review significant financial issues. In 2021, there were two regular meetings to review the interim/annual results of the Company and two regular meetings to focus on matters relating to risk management. Minutes of the Audit and Risk Management Committee meetings are prepared with details of the matters considered and decisions reached at the meetings.

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

During the year, the Audit and Risk Management Committee held four meetings. The attendance record of each Committee member is shown in the section headed "Attendance Records" on page 53 of this Annual Report. Major work performed by the Audit and Risk Management Committee during the year was as follows:

- reviewed the Company's annual results and consolidated financial statements for the year ended 31 December 2020 and the related documents, financial reporting and audit issues noted by the Company's independent auditor;
- reviewed the Company's interim results and condensed consolidated financial statements for the six months ended 30 June 2021 and the related documents, financial reporting and accounting issues noted by the Company's independent auditor;
- considered the 2021 Audit Plan for the First Pacific Group and the audit fee arrangement;
- reviewed the report from the Risk Assessment Committee on First Pacific's Head Office Risk Matrix on a semi-annual basis;
- reviewed new and revised accounting standards and the impact on the Group's financial statements;
- conducted regular reviews of the Group's continuing connected transactions and annual review pursuant to Rule 14A(55) of the Listing Rules;
- reviewed the engagement of the Company's independent auditor, its independence and objectivity, and the effectiveness of the audit process;
- recommended the re-appointment of independent auditor for shareholders' approval at the 2021 AGM;
- reviewed the adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting functions, and their training programmes and budgets;
- exercised oversight over the Group's financial reporting system, risk management and internal control systems;
- exercised oversight over the audit and/or risk management committees of the Company's major investee companies;
- reviewed the Audit and Risk Management Committee's effectiveness in discharging its role and responsibilities and made recommendations to the Board for any changes; and
- reviewed the Directors' and Officers' liability insurance cover.

Remuneration Committee

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

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

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

During the year, the Remuneration Committee held one meeting with the presence of the Company's Head of Human Resources. The attendance record of each Committee member is shown in the section headed "Attendance Records" on page 53 of this Annual Report. Major work performed by the Remuneration Committee during the year was as follows:

- made recommendations to the Board on the Company's policy and structure for Directors' and senior management's remuneration;
- assessed the performance of Executive Directors and approved the terms of Executive Directors' service contracts;
- reviewed and approved the management's remuneration proposals with reference to the Board's corporate goals and objectives;
- determined, with delegated responsibility, the remuneration packages of individual Executive Directors and senior management;
- reviewed the 2022 salary budget and 2021 annual bonus;
- considered the adoption of a new share option scheme upon its expiry in 2022; and
- reviewed the Remuneration Committee's effectiveness in discharging its role and responsibilities and made recommendations to the Board for any changes.

Nomination Committee

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

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

During the year, the Nomination Committee held one meeting. The attendance record of each Committee member is shown in the section headed "Attendance Records" on page 53 of this Annual Report. Major work performed by the Nomination Committee during the year was as follows:

- reviewed the composition of the existing Board/Board Committees;
- reviewed and confirmed the independence of INEDs (details of which are set out in the section headed "Appointment and Re-election of Directors" on page 55 of this Annual Report);
- nominated the retiring Directors to stand for re-election at the 2021 AGM;
- reviewed the list of directors who will retire by rotation at the 2022 AGM;
- reviewed succession planning for the Board and senior management;
- considered Board Evaluation for 2021; and
- reviewed the Nomination Committee's effectiveness in discharging its role and responsibilities and its terms of reference and made recommendation to the Board for any changes.

Corporate Governance Committee

The Corporate Governance Committee is currently comprised of a majority of INEDs and chaired by Mrs. Margaret Leung, an INED. It has terms of reference which deal clearly with its authorities and duties. The terms of reference of the Corporate Governance Committee include the specific authorities and duties set out in paragraphs D.3.3(a) to (e) of the First Pacific Code, with appropriate modifications, where necessary.

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

During the year, the Corporate Governance Committee held two meetings. The attendance record of each Committee member is shown in the section headed "Attendance Records" on page 53 of this Annual Report. Major work performed by the Corporate Governance Committee during the year was as follows:

- reviewed the Company's policies and practices on corporate governance and made recommendations to the Board;
- reviewed and monitored the Company's policies and practices on compliance with legal and regulatory requirements;
- reviewed the Company's compliance with the Corporate Governance Code as set out in Appendix 14 of the Listing Rules for disclosure in this Corporate Governance Report;
- reviewed the Corporate Governance Committee's effectiveness in discharging its role and responsibilities and made recommendations to the Board for any changes;
- approved the publication of the 2020 ESG report and reviewed the proposed plan for 2021 ESG reporting;
- considered the results of the Board Evaluation exercise for FY2020 and to suggest corresponding refinements in board processes and to devote more time to strategy;
- reviewed the latest regulatory developments in ESG and guidance for the Company's 2021 ESG reporting, in response to increased demands from major asset owners, institutional asset managers and regulators;
- considered setting formal ESG targets for 2021-2022, including the development of a Responsible Investing Policy, and to start early adopting the new HKEX ESG guidelines in the 2021 ESG Report, when applicable;
- considered the proposals for FY2021 Board Evaluation and approved the option of a self-administered online questionnaire; and
- reviewed and considered ways to improve the current ESG ratings by key proxy advisors.

Finance Committee

The Finance Committee is currently comprised of a majority of INEDs, and chaired by Mrs. Margaret Leung, an INED. Mr. Axton Salim was appointed as a member of the Finance Committee with effect from 10 December 2021. It has terms of reference which deal clearly with its authorities and duties.

During the year, the Finance Committee held three meetings. The attendance record of each Committee member is shown in the section headed "Attendance Records" on page 53 of this Annual Report. Major work performed by the Finance Committee during the year was as follows:

- reviewed and monitored the Group's major investments;
- reviewed the long-term business plan and key strategic priorities of the Company and its major investee units;
- reviewed the impact of the COVID-19 pandemic on the Company and its major investee companies, and considered the specific COVID-19 initiatives being undertaken by those units;
- reviewed the Company's share repurchase program and dividend/distribution policy;
- reviewed the Company's valuation or share price;
- reviewed the Group's M&A initiatives, including Philex/Silangan Project and Bulan Solar Project;
- reviewed the Group's strategic initiatives; and
- reviewed the Company's cash flow projections and liability management/debt refinancing plan.

Ad Hoc Selection Committee

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

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

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

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

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

Barring unforeseen circumstances, the Company is currently paying dividends or distributions of approximately 25% of the Group's recurring profit every year. This is paid to our shareholders twice a year through one interim dividend or distribution in respect of the six months ended 30 June and a final dividend or distribution in respect of the full year ended 31 December. Details of the dividend or distribution payment in respect of the current financial year, including the ex-dividend/distribution dates and record dates of the dividend/distribution, can also be found on the Company's website (www.firstpacific.com).

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

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

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

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

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

US$ millions	**2021**	2020
Auditor's remuneration		
– Audit services	**4.7**	4.8
– Non-audit services(i)	**0.7**	1.0
Total	**5.4**	5.8
Representing:		
– Continuing operations	**5.4**	5.6
– A discontinued operation	**–**	0.2
	5.4	5.8

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

Company Secretary

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

The Company Secretary's biography is set out on page 44 in the "Board of Directors and Senior Management" section of this Annual Report. During 2021, the Company Secretary undertook over 15 hours of professional training to update her skills and knowledge in company secretarial practices, corporate governance, shareholder activism and recent changes to the Listing Rules.

Constitutional Documents

At the Company's 2021 AGM, shareholders approved, among others, certain amendments to the existing bye-laws of the Company, which principally address some practical issues to allow for hybrid meetings, compliance with recent changes to Bermuda companies law, amendments to the Listing Rules and certain technical improvements. The Company's revised bye-laws are available on the SEHK's website (www.hkexnews.hk) and the Company's website (www.firstpacific.com) respectively.

Communications with Shareholders

Effective Communication

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

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

The AGM is the principal forum for formal dialogue with shareholders. The Company's Chairman, Executive Directors, Chairs of Board Committees and NEDs (including INEDs), are present at the AGM either in person, by teleconference or video conference, in order to answer questions from shareholders about specific resolutions proposed at the meeting and also about the Group in general. Due to the worldwide flight restrictions under the COVID-19 pandemic, our overseas Directors could only attend the AGM via MS Teams.

Other than the 2021 AGM, the Company convened an SGM on 2 March 2021 to solicit independent shareholders' approval of the share purchase agreement dated 23 December 2020 entered into between Beacon Powergen Holdings, Inc. ("Beacon PowerGen") and MERALCO PowerGen Corporation ("MGen") regarding the proposed disposal by Beacon PowerGen of approximately 56% of the issued and outstanding capital stock of GBPC to MGen. It was subsequently approved by the shareholders.

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

Voting by Poll

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

At the 2021 AGM and SGM, the chairman demanded a poll on all resolutions. The procedures for demanding a poll by shareholders were incorporated in the respective AGM circular and SGM circular sent to shareholders in the time stipulated. Computershare Hong Kong Investor Services Limited, the Company's Hong Kong Branch Registrar, was engaged as scrutineer to ensure the votes were properly counted.

Shareholders Communication Policy

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

Calling a Special General Meeting

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

The requisition:

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

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

Putting Forward Proposals at General Meetings

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

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

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

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

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

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

Putting Enquiries to the Board

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

Continuing Connected Transactions and Connected Transactions

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

- 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) the increase in the authorized share capital of MSA and (ii) the issuance and allotment by MSA and the subscription by 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 ("MSA Subscription").

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

  As at the date of that announcement, the Group has an approximate 50.1% economic interest in Indofood, which has an approximate 71.7% effective economic interest in Indofood Agri Resources Ltd., 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. Anthoni 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.

- 9 February 2021 circular ("Circular"): following the Company's announcement made on 23 December 2020 in relation to MPIC, through its subsidiary, Beacon PowerGen (as seller) and MGen (a wholly-owned subsidiary of Meralco and an associated company of the Group) (as buyer) entered into the share purchase agreement, pursuant to which Beacon PowerGen conditionally agreed to sell (or procure the sale of), and MGen conditionally agreed to purchase 1,077,451,739 common shares representing approximately 56% of the total issued and outstanding capital stock of GBPC, for an aggregate purchase price of Pesos 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"). The Company provided its Shareholders with a Circular which contained, among other things, (i) further information relating to the Proposed Disposal; (ii) financial information relating to the Group; (iii) other information required by the Listing Rules; and (iv) notice of the special general meeting relating to the Proposed Disposal.

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

- 19 February 2021 announcement: following the Company's announcement made on 12 March 2018 in relation to the renewal agreement dated 12 March 2018 entered into between D.M. Consunji, Inc. ("DMCI") and Maynilad Water Services, Inc., ("Maynilad") with regard to the framework agreement for the provision of Services by DMCI to Maynilad ("Renewal Agreement"), the Company announced that the Renewal Agreement expired in accordance with its terms on 31 December 2020. In order to continue performance of the Services under the Framework Agreement and to allow DMCI to continue to submit proposals for business put out to competitive tender by Maynilad, DMCI and Maynilad entered into the second renewal agreement ("Second Renewal Agreement") on 19 February 2021, pursuant to which DMCI and Maynilad have agreed to further renew the Framework Agreement for a term of approximately three years. Save for the revised term and new annual caps set for the period from 19 February 2021 to 31 December 2021, and years ending 31 December 2022 and 2023, all other terms and conditions of the Framework Agreement remained in full force and effect.

The Group has an approximately 51.3% interest in Maynilad Water Holdings Company, Inc. ("MWHC"), the holding company of Maynilad. DMCI Holdings, Inc. ("DMCI Holdings"), being the 27.2% shareholder of MWHC, is a connected person of the Company. DMCI is a subsidiary of DMCI Holdings and is, therefore, a connected person of the Company. Accordingly, the execution of the Second Renewal Agreement constitutes a continuing connected transaction for the Company under Chapter 14A of the Listing Rules. The Second Renewal Agreement is on normal commercial terms or better and DMCI is a connected person of the Company at the subsidiary level. Therefore, pursuant to Rule 14A.101 of the Listing Rules, the execution of the Second Renewal Agreement is exempt from the circular, independent financial advice and shareholders' approval requirements under Chapter 14A of the Listing Rules.

- 20 October 2021 announcement: following the Company's previous announcements published on 5 November 2019 and 15 October 2020, and the Company's circular dated 29 November 2019 in relation to, among other things, continuing connected transactions of the Indofood Group, the Company announced: (a) revised 2021 and 2022 annual caps in respect of certain of the Indofood Group's previously announced plantations business transactions, distribution business transactions and packaging business transactions; and (b) revised 2021 and 2022 annual caps in respect of a previously announced continuing connected transaction between Pinehill Company Limited and its subsidiaries (Pinehill Group) and Tasali Jordan Trading Institute in respect of the distribution business transactions of the Pinehill Group.

  Under Chapter 14A of the Listing Rules, the revised 2021 and 2022 annual caps for the continuing connected transactions relating to the Indofood Group's plantations business transaction, distribution business transaction and packaging business transactions are subject to the reporting and announcement requirements, but not the independent shareholders' approval requirement. As for the revised 2021 and 2022 Pinehill Group Distribution annual caps, they were also exempted from the circular, independent financial advice and independent shareholders' approval requirements under Chapter 14A of the Listing Rules (but is still subject to the announcement requirements applicable to connected transactions).

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

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

Parties to the agreement/arrangement			Period covered by the agreement/arrangement		Transaction amount for the year ended 31 December 2021 (US$ millions)
Name of entity of the group	Name of connected party and relationship between the parties	Nature of agreement/arrangement	From	To	
PT Indofood Sukses Makmur Tbk ("ISM")/PT Indofood CBP Sukses Makmur Tbk ("ICBP")	Dufil Prima Foods PLC ("Dufil"), an associate of Mr. Anthoni Salim ("Mr. Salim")	ISM/ICBP (1) grants an exclusive licence in respect of the "Indomie" trademark in Nigeria; (2) provides technical services in connection with instant noodle manufacturing operations in Nigeria; and (3) sells and supplies ingredients, noodle seasonings and packaging used for instant noodle products to Dufil	1 January 2020	31 December 2022#	–

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

Parties to the agreement/arrangement: Name of entity of the group	Parties to the agreement/arrangement: Name of connected party and relationship between the parties	Nature of agreement/arrangement	Period covered by the agreement/arrangement: From	Period covered by the agreement/arrangement: To	Transaction amount for the year ended 31 December 2021 (US$ millions)
ISM/ICBP	Pinehill Arabia Food Ltd. ("Pinehill"), an associate of Mr. Salim	ISM/ICBP (1) grants an exclusive license in respect of the "Indomie", "Supermi" and "Pop Mie" trademarks in certain countries in the Middle East; (2) provides technical services in connection with instant noodle manufacturing operations in certain countries in the Middle East; and (3) sells and supplies ingredients, noodle seasonings and packaging used for instant noodle products to Pinehill	1 January 2020	31 December 2022#	–
ISM/ICBP	Salim Wazaran Group Limited ("SAWAZ"), and/or Golden Coast Group Limited, an associate of Mr. Salim	ISM/ICBP (1) grants a non-exclusive licence in respect of the "Indomie" trademark in certain countries in the Middle East and Africa; (2) provides technical services in connection with instant noodle manufacturing operations in certain countries in the Middle East and Africa; and (3) sells and supplies ingredients, noodle seasonings and packaging used for instant noodle products To SAWAZ and/or Golden Coast Group Limited	1 January 2020	31 December 2022	22.8
ISM and its subsidiaries	PT Indomobil Sukses Internasional Tbk ("Indomobil") and its subsidiaries, an associate of Mr. Salim	Indomobil and its subsidiaries sell and rent vehicles, provide vehicle services and sell spare parts to ISM and its subsidiaries	1 January 2020	31 December 2022	1.9
ISM and its subsidiaries	PT Indotirta Suaka ("PTIS"), an associate of Mr. Salim	ISM and its subsidiaries sell scrap product to PTIS	1 January 2020	31 December 2022	–
ISM and its subsidiaries	Shanghai Resources International Trading Co. Ltd. ("Shanghai Resources"), an associate of Mr. Salim	ISM and its subsidiaries sell noodle products to Shanghai Resources	1 January 2020	31 December 2022	5.2
Aggregated transaction amount					**29.9**

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

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

Parties to the agreement/arrangement: Name of entity of the group	Parties to the agreement/arrangement: Name of connected party and relationship between the parties	Nature of agreement/arrangement	Period covered by the agreement/arrangement: From	Period covered by the agreement/arrangement: To	Transaction amount for the year ended 31 December 2021 (US$ millions)
PT Salim Ivomas Pratama Tbk ("SIMP") and its subsidiaries	PT Sarana Tempa Perkasa ("STP"), an associate of Mr. Salim	STP provides pumping services to SIMP and its subsidiaries to load crude palm oil and other derivative products to vessels	1 January 2020	31 December 2022	0.5
SIMP and its subsidiaries	PT Cipta Subur Nusa Jaya ("CSNJ"), an associate of Mr. Salim	SIMP rents infrastructure from CSNJ, and vice versa	1 January 2020	31 December 2022	0.0
SIMP and its subsidiaries	PT Rimba Mutiara Kusuma ("RMK"), an associate of Mr. Salim	SIMP and its subsidiaries (1) lease heavy equipment and buy building materials from RMK; (2) rent office space, trucks and tug boats from RMK; (3) use transportation services from RMK; and (4) purchase road reinforcement services from RMK	1 January 2020	31 December 2022	0.9
SIMP and its subsidiaries	IndoInternational Green Energy Resources Pte. Ltd. ("IGER Group"), an associate of Mr. Salim	SIMP and its subsidiaries (1) provide operational services to IGER Group; (2) sell seedlings to IGER Group; (3) buy prefabricated housing materials from IGER Group; (4) sell fertilizer products to IGER Group; (5) lease office space to IGER Group; and (6) buy palm oil and its derivatives products from IGER Group	1 January 2020	31 December 2022	49.6

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

Parties to the agreement/arrangement			Period covered by the agreement/arrangement		Transaction amount for the year ended 31 December 2021 (US$ millions)
Name of entity of the group	Name of connected party and relationship between the parties	Nature of agreement/arrangement	From	To	
ISM and its subsidiaries	Indomobil and its subsidiaries, an associate of Mr. Salim	Indomobil and its subsidiaries sell and rent vehicles, provide vehicle services and sell spare parts to ISM and its subsidiaries	1 January 2020	31 December 2022	4.7
SIMP	Shanghai Resources, an associate of Mr. Salim	SIMP sells palm oil and its derivative products to Shanghai Resources	1 January 2020	31 December 2022	77.0
SIMP	Nippon Indosari Corpindo ("NIC"), an associate of Mr. Salim	SIMP sells margarine to NIC	1 January 2020	31 December 2022	2.4
ISM	Lajuperdana Indah ("LPI"), an associate of Mr. Salim	ISM grants an exclusive license of its "Indosugar" trademark related to sugar to LPI	1 January 2020	31 December 2022	0.5
PT Inti Abadi Kemasindo ("IAK")	LPI, an associate of Mr. Salim	IAK sells packaging materials to LPI	1 January 2020	31 December 2022	0.4
SIMP and its subsidiaries	PT Indomarco Prismatama ("Indomaret"), an associate of Mr. Salim	SIMP and its subsidiaries sell finished goods to Indomaret	1 January 2020	31 December 2022	81.4
SIMP and its subsidiaries	PT Inti Cakrawala Citra ("Indogrosir"), an associate of Mr. Salim	SIMP and its subsidiaries sell finished goods to Indogrosir	1 January 2020	31 December 2022	50.4
ISM and its subsidiaries	PTIS, an associate of Mr. Salim	ISM and its subsidiaries sell crude palm oil to PTIS	1 January 2020	31 December 2022	–
Aggregated transaction amount					**267.8**

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

Parties to the agreement/arrangement			Period covered by the agreement/arrangement		Transaction amount for the year ended 31 December 2021 (US$ millions)
Name of entity of the group	Name of connected party and relationship between the parties	Nature of agreement/arrangement	From	To	
PT Indomarco Adi Prima ("IAP")	PT Lion Superindo ("LS"), an associate of Mr. Salim	IAP distributes various consumer products to LS	1 January 2020	31 December 2022	25.6
IAP	PT Fast Food Indonesia Tbk ("FFI"), an associate of Mr. Salim	IAP sells sauces, seasonings and dairy products to FFI	1 January 2020	31 December 2022	0.5
PT Putri Daya Usahatama ("PDU")	LS, an associate of Mr. Salim	PDU distributes various consumer products to LS	1 January 2020	31 December 2022	1.4
ISM and its subsidiaries	Indomobil and its subsidiaries, an associate of Mr. Salim	Indomobil and its subsidiaries sell and rent vehicles, sell spare parts and provide vehicle services to ISM and its subsidiaries	1 January 2020	31 December 2022	4.0
ISM and its subsidiaries	PT Sumberdaya Dian Mandiri ("SDM"), an associate of Mr. Salim	ISM and its subsidiaries use human resources outsourcing services from SDM	1 January 2020	31 December 2022	17.3
IAP	Indomaret, an associate of Mr. Salim	IAP sells finished goods to Indomaret	1 January 2020	31 December 2022	185.2
IAP	Indogrosir, an associate of Mr. Salim	IAP sells finished goods to Indogrosir	1 January 2020	31 December 2022	76.5
PDU	Indomaret, an associate of Mr. Salim	PDU sells finished goods to Indomaret	1 January 2020	31 December 2022	7.9
PDU	Indogrosir, an associate of Mr. Salim	PDU sells finished goods to Indogrosir	1 January 2020	31 December 2022	4.2
IAP	Indomaret, an associate of Mr. Salim	Indomaret rents space from IAP	1 January 2020	31 December 2022	0.3
IAP	LS, an associate of Mr. Salim	LS rents space from IAP	1 January 2020	31 December 2022	0.3
IAP	PT Indolife Pensiontama ("Indolife"), an associate of Mr. Salim	IAP's pension plan assets are managed by Indolife	1 January 2020	31 December 2022	0.3
IAP	LPI, an associate of Mr. Salim	IAP buys sugar from LPI	1 January 2020	31 December 2022	9.9
IAP	PT IDmarco Perkasa Indonesia ("IDP"), an associate of Mr. Salim	IAP pays commission fee and sells finished goods to IDP	1 January 2020	31 December 2022	1.7
IAP	PT Indo Natasha Gemilang ("ING"), an associate of Mr. Salim	IAP buys product from ING	1 January 2020	31 December 2022	–
Aggregated transaction amount					**335.1**

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

Parties to the agreement/arrangement: Name of entity of the group	Parties to the agreement/arrangement: Name of connected party and relationship between the parties	Nature of agreement/arrangement	Period covered by the agreement/arrangement: From	Period covered by the agreement/arrangement: To	Transaction amount for the year ended 31 December 2021 (US$ millions)
PT Indofood Sukses Makmur, Tbk-Bogasari Division ("Bogasari")	NIC, an associate of Mr. Salim	Bogasari sells flour to NIC	1 January 2020	31 December 2022	13.4
Bogasari	FFI, an associate of Mr. Salim	Bogasari sells spaghetti and flour to FFI	1 January 2020	31 December 2022	0.4
ISM and its subsidiaries	Indotek Konsultan Utama ("IKU"), an associate of Mr. Salim	IKU provides consulting services to ISM and its subsidiaries	1 January 2020	31 December 2022	0.1
ISM and its subsidiaries	Indomobil and its subsidiaries, an associate of Mr. Salim	Indomobil and its subsidiaries sell and rent vehicles, sell spare parts and provide vehicle services to ISM and its subsidiaries	1 January 2020	31 December 2022	7.4
ISM and its subsidiaries	SDM, an associate of Mr. Salim	ISM and its subsidiaries use human resources outsourcing services from SDM	1 January 2020	31 December 2022	5.6
ISM and its subsidiaries	PT Primajasa Tunas Mandiri ("PTM"), an associate of Mr. Salim	ISM and its subsidiaries use human resources outsourcing services from PTM	1 January 2020	31 December 2022	2.5
Bogasari	Indogrosir, an associate of Mr. Salim	Bogasari sells finished goods to Indogrosir	1 January 2020	31 December 2022	9.4
Bogasari	Shanghai Resources, an associate of Mr. Salim	Bogasari sells pasta products to Shanghai Resources	1 January 2020	31 December 2022	–
Bogasari	Indomaret, an associate of Mr. Salim	Bogasari sells finished goods to Indomaret	1 January 2020	31 December 2022	5.6
ISM and its subsidiaries	PTIS, an associate of Mr. Salim	ISM and its subsidiaries sell by-product to PTIS	1 January 2020	31 December 2022	–
ISM and its subsidiaries	Interflour Group Pte. Ltd. (Interflour) and its subsidiaries (including Eastern Pearl Flour Mills and Interflour Vietnam Ltd.) ("Interflour Group"), an associate of Mr. Salim	Interflour Group provides manufacturing services to ISM and its subsidiaries. ISM and its subsidiaries sell finished goods to Interflour Group	1 January 2020	31 December 2022	1.7
ISM and its subsidiaries	IDP, an associate of Mr. Salim	ISM and its subsidiaries sell finished goods to IDP	1 January 2020	31 December 2022	0.4
Aggregated transaction amount					**46.5**

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

Parties to the agreement/arrangement			Period covered by the agreement/arrangement		Transaction amount for the year ended 31 December 2021 (US$ millions)
Name of entity of the group	Name of connected party and relationship between the parties	Nature of agreement/arrangement	From	To	
ISM and its subsidiaries	PT Asuransi Central, Asia ("ACA"), an associate of Mr. Salim	ACA provides vehicle, property and other assets insurance services to ISM and its subsidiaries	1 January 2020	31 December 2022	6.6
ISM and its subsidiaries	PT A.J. Central Asia Raya ("CAR"), an associate of Mr. Salim	CAR provides insurance services for personal accident and health to ISM and its subsidiaries	1 January 2020	31 December 2022	3.1
ISM and its subsidiaries	PT Indosurance Broker Utama ("IBU"), an associate of Mr. Salim	IBU provides insurance services to ISM and its subsidiaries	1 January 2020	31 December 2022	0.4
Aggregated transaction amount					**10.1**

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

Parties to the agreement/arrangement			Period covered by the agreement/arrangement		Transaction amount for the year ended 31 December 2021 (US$ millions)
Name of entity of the group	Name of connected party and relationship between the parties	Nature of agreement/arrangement	From	To	
PT Anugerah Indofood Barokah Makmur ("AIBM")	SDM, an associate of Mr. Salim	AIBM uses human resources outsourcing services from SDM	1 January 2020	31 December 2022	1.2
AIBM	Indomobil and its subsidiaries, an associate of Mr. Salim	Indomobil and its subsidiaries sell and rent vehicles, sell spare parts and provide vehicle services to AIBM	1 January 2020	31 December 2022	0.8
AIBM	FFI, an associate of Mr. Salim	AIBM sells drinking products to FFI	1 January 2020	31 December 2022	–
AIBM	PTM, an associate of Mr. Salim	AIBM uses human resources outsourcing services from PTM	1 January 2020	31 December 2022	–
Aggregated transaction amount					**2.0**

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

Parties to the agreement/arrangement: Name of entity of the group	Parties to the agreement/arrangement: Name of connected party and relationship between the parties	Nature of agreement/arrangement	Period covered by the agreement/arrangement: From	Period covered by the agreement/arrangement: To	Transaction amount for the year ended 31 December 2021 (US$ millions)
ISM and its subsidiaries	Indomobil and its subsidiaries, an associate of Mr. Salim	Indomobil and its subsidiaries sell and rent vehicles, provide vehicle services and sell spare parts to ISM and its subsidiaries	1 January 2020	31 December 2022	2.2
ISM and its subsidiaries	SDM, an associate of Mr. Salim	ISM and its subsidiaries use human resources outsourcing services from SDM	1 January 2020	31 December 2022	1.1
PT Indolakto ("Indolakto")	Indomaret, an associate of Mr. Salim	Indolakto sells finished goods to Indomaret	1 January 2020	31 December 2022	1.1
Indolakto	Indogrosir, an associate of Mr. Salim	Indolakto sells finished goods to Indogrosir	1 January 2020	31 December 2022	0.0
Indolakto	LS, an associate of Mr. Salim	Indolakto sells finished goods to LS	1 January 2020	31 December 2022	–
Indolakto	NIC, an associate of Mr. Salim	Indolakto sells finished goods to NIC	1 January 2020	31 December 2022	0.5
Indolakto	FFI, an associate of Mr. Salim	Indolakto sells finished goods to FFI	1 January 2020	31 December 2022	0.0
Aggregated transaction amount					**4.9**

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

Parties to the agreement/arrangement: Name of entity of the group	Parties to the agreement/arrangement: Name of connected party and relationship between the parties	Nature of agreement/arrangement	Period covered by the agreement/arrangement: From	Period covered by the agreement/arrangement: To	Transaction amount for the year ended 31 December 2021 (US$ millions)
SIMP	IGER Group, an associate of Mr. Salim	SIMP provides a revolving loan facility to IGER Group	1 January 2020	31 December 2022	39.7
Aggregated transaction amount					**39.7**

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

Parties to the agreement/arrangement			Period covered by the agreement/arrangement		
Name of entity of the group	Name of connected party and relationship between the parties	Nature of agreement/arrangement	From	To	Transaction amount for the year ended 31 December 2021 (US$ millions)
ISM and its subsidiaries	PT Transcosmos Indonesia ("Transcosmos"), an associate of Mr. Salim	Transcosmos provides call center services to ISM and its subsidiaries	1 January 2020	31 December 2022	0.3
ISM and its subsidiaries	PT Data Arts Xperience, an associate of Mr. Salim	ISM and its subsidiaries use digital media buying services from PT Data Arts Xperience	1 January 2020	31 December 2022	0.5
ISM and its subsidiaries	PT Popbox Asia, an associate of Mr. Salim	ISM and its subsidiaries brand on PT Popbox Asia's lockers	1 January 2020	31 December 2022	0.2
Aggregated transaction amount					**1.0**

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

Parties to the agreement/arrangement			Period covered by the agreement/arrangement		
Name of entity of the group	Name of connected party and relationship between the parties	Nature of agreement/arrangement	From	To	Transaction amount for the year ended 31 December 2021 (US$ millions)
PT Surya Rengo Containers ("SRC")	FFI, an associate of Mr. Salim	SRC sells carton box packaging to FFI	1 January 2020	31 December 2022	0.0
ISM and its subsidiaries	Indomobil and its subsidiaries, an associate of Mr. Salim	Indomobil and its subsidiaries sell and rent vehicle, provide vehicle services and sell spare parts to ISM and its subsidiaries	1 January 2020	31 December 2022	0.9
ISM and its subsidiaries	SDM, an associate of Mr. Salim	ISM and its subsidiaries use human resources outsourcing services from SDM	1 January 2020	31 December 2022	1.0
ISM and its subsidiaries	PTM, an associate of Mr. Salim	ISM and its subsidiaries use human resources outsourcing services from PTM	1 January 2020	31 December 2022	0.2
ICBP - Packaging	NIC, an associate of Mr. Salim	ICBP - Packaging sell packaging materials to NIC	1 January 2020	31 December 2022	0.0
ICBP - Packaging	Indomaret and its subsidiaries, an associate of Mr. Salim	ICBP - Packaging sell packaging materials to Indomaret and its subsidiaries	1 January 2020	31 December 2022	–
ICBP - Packaging	LPI, an associate of Mr. Salim	ICBP - Packaging sell packaging materials to LPI	1 January 2020	31 December 2022	–
Aggregated transaction amount					**2.1**

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

Parties to the agreement/arrangement			Period covered by the agreement/arrangement		Transaction amount for the year ended 31 December 2021 (US$ millions)
Name of entity of the group	Name of connected party and relationship between the parties	Nature of agreement/arrangement	From	To	
PT Aston Inti Makmur ("AIM")	Indomaret, an associate of Mr. Salim	Indomaret rents space from AIM	1 January 2020	31 December 2022	0.0
AIM	PT Central Asia Financial, an associate of Mr. Salim	PT Central Asia Financial rents space from AIM	1 February 2020	31 December 2022	0.1
AIM	IDP, an associate of Mr. Salim	IDP rents space from AIM	1 January 2020	31 December 2022	0.1
AIM	PT Ciptabuana Sukses Lestari, an associate of Mr. Salim	PT Ciptabuana Sukses Lestari rents space from AIM	1 January 2020	31 December 2022	0.3
AIM	CAR, an associate of Mr. Salim	CAR rents space from AIM	1 January 2020	31 December 2022	–
AIM	Transcosmos, an associate of Mr. Salim	Transcosmos rents space from AIM	1 January 2020	31 December 2022	0.1
AIM	Bank INA Persada, an associate of Mr. Salim	Bank INA Persada rents space from AIM	1 January 2020	31 December 2022	0.5
Aggregated transaction amount					**1.1**

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

Parties to the agreement/arrangement			Period covered by the agreement/arrangement		Transaction amount for the year ended 31 December 2021 (US$ millions)
Name of entity of the group	Name of connected party and relationship between the parties	Nature of agreement/arrangement	From	To	
ISM and its subsidiaries	Indomobil and its subsidiaries, an associate of Mr. Salim	Indomobil and its subsidiaries sell and rent vehicles, provide vehicle services and sell spare parts to ISM and its subsidiaries	1 January 2020	31 December 2022	1.1
Aggregated transaction amount					**1.1**

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

Parties to the agreement/arrangement			Period covered by the agreement/arrangement		Transaction amount for the year ended 31 December 2021 (US$ millions)
Name of entity of the group	Name of connected party and relationship between the parties	Nature of agreement/arrangement	From	To	
ISM and its subsidiaries	PT Citra Swara Kreasindo, an associate of Mr. Salim	ISM and its subsidiaries provide sponsorship for branding on PT Citra Swara Kreasindo's events	1 January 2020	31 December 2022	–
Aggregated transaction amount					**–**

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

Parties to the agreement/arrangement			Period covered by the agreement/arrangement		Transaction amount
Name of entity of the group	Name of connected party and relationship between the parties	Nature of agreement/arrangement	From	To	for the year ended 31 December 2021 (US$ millions)
ISM and its subsidiaries	Said Bawazir Trading Corp ("SBTC"), a substantial shareholder of Indofood Group	ISM and its subsidiaries sell finished goods to SBTC	1 January 2020	31 December 2022*	246.9
ISM and its subsidiaries	Tasali Jordan Trading Institute ("TJTI"), an affiliate of SBTC	ISM and its subsidiaries sell finished goods to TJTI	1 January 2020	31 December 2022*	26.2
Aggregated transaction amount					**273.1**

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

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

Parties to the agreement/arrangement			Transaction amount
Name of entity of the group	Name of connected party and relationship between the parties	Nature of agreement/arrangement	for the year ended 31 December 2021 (US$ millions)
Maynilad Water Services, Inc. (Maynilad)	D.M. Consunji, Inc. (DMCI), a subsidiary of DMCI Holdings, Inc.	On 21 April 2021, a supplemental contract was entered into between Maynilad & DMCI for the primary pipe-laying of 900mm for the Bridge Crossings along Centennial Road, Kawit, Cavite	0.3
Aggregated transaction amount			**0.3**

In respect of the financial year ended 31 December 2021, each of the continuing connected transactions has been subject to annual review by the INEDs of the Company pursuant to Rule 14A.55 of the Listing Rules and confirmation of the auditor of the Company pursuant to Rule 14A.56 of the Listing Rules.

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

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

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

Risk Management and Internal Control

As an investment 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 investee 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 investee 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 investee 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 2021, the Board confirmed that it has received confirmations from the investee companies' audit committees, risk committees and/or internal auditors/chief risk officers on the effectiveness of the Group's risk management and internal control systems and that there was no significant area of concern to be disclosed.

The key controls and risk management measures undertaken by the investee companies for the year ended 31 December 2021 are summarized below:

Operational Controls

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

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

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

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

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

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

Financial Controls

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

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

Compliance Controls

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

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

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

Risk Management

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

- The Company classifies different Head Office risks under four major categories: Strategic Risks, Financial Risks, Operational Risks and Compliance Risks. The major Strategic Risks identified during the year include succession planning, country/political risk in the Philippines and Indonesia, acquisitions and additional investments by the Company, its share price and disposals of non-core assets by the Company. As for Financial Risks, these include currency risk, constraints on capital rising, impairment, liquidity risk, breach of loan covenants and interest rate risk. Operational Risks mainly relate to Pandemic risk and operating performance of investments. Compliance Risks relate to regulatory risk, ESG risk and cybersecurity risk.

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

  In order to minimize short-term currency risk, the Company hedges expected dividends to be received in the following six months, as well as any consideration or proceeds to be paid/received should a decision to acquire or sell an asset be made.

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

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

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

  The Chief Risk Management Officer ("CRMO") is tasked to: (i) plan the overall strategy of the different risk management units of PLDT; (ii) review risk management activities and controls of the operational units; (iii) review internal and external factors that can negatively affect PLDT's risk profile; (iv) influence, and when necessary, challenge material risk decisions and initiatives; (v) monitor that risks are within the bounds of the risk appetite of PLDT; and (vi) review and escalate critical risks to the Management Committee, the Risk Committee and the Board, as necessary, advising them on requisite actions.

  The Group Enterprise Risk Management Department ("GRMD") provides support to the CRMO by implementing an integrated risk management program with the goal of identifying, analysing and managing PLDT's risks to an acceptable level, so as to enhance opportunities, reduce threats, and sustain competitive advantage. The implementation of the enterprise risk management ("ERM") process ensures that critical risks are well understood and effectively managed across all functions and units within PLDT. This is achieved through the operationalisation of the Enterprise Risk Management Framework ("ERMF"), which is a standardised approach to risk identification, assessment and management. The ERMF is aligned with the ISO 31000 Risk Management Standard, COSO's Enterprise Risk Management Framework, risk considerations found in the S&P Global Corporate Sustainability Assessment, and GRI Standards. The GRMD manages execution of the Three Lines of Defense Model to ensure that all layers of the organization contribute to managing enterprise risks through the implementation of identified controls and mitigation strategies. The GRMD facilitates the risk assessment exercise of the Management Committee, implements activities to build an effective culture of risk across the organization, and reports significant risk exposures, including business risks, control issues and risk mitigation plans to the Risk Committee. The GRMD Head supervises the ERM process and spearheads the development, implementation, and improvement of ERM processes and documentation, and communicates the top risks and status of implementation of risk management strategies and action plans to the Management Committee, and the Risk Committee.

  The top risks for 2021, listed in no particular order of criticality, are: (i) prolonged pandemic; (ii) slow economic recovery; (iii) increasing competitive situation; (iv) inability to manage issues on customer experience; (v) inability to successfully execute critical transformation programs; (vi) inability to design and implement the organization's future mode of operations; (vii) cyber security incidents and data privacy breaches; (viii) increased political and regulatory changes/scrutiny; (ix) climate-related risks, including regular occurrence of natural disasters; and (x) timely identification and escalation of risk issues.

  Various treatment strategies and mitigation initiatives have been executed in response to the risks identified. Key initiatives are as follows:

  - In relation to the pandemic: PLDT implemented an integrated COVID-19 intervention, including a vaccination program for employees and dependents. It continues to execute and update business continuity crises management plans to support shifts in workplace arrangement.
  - To remain competitive and address customer experience, transformation, and future mode of operations: PLDT affirmed it's commitment to serve the consumer by adopting an integrated telco strategy focused on business, digital, customer experience and sustainability; enabled by an enterprise-wide transformation initiative.
  - To address regulatory changes: PLDT maintains direct engagement with relevant government authorities to keep them apprised of PLDT's progress and future plans.
  - To address security and privacy: PLDT continues to strengthen Data Privacy and CyberSecurity efforts, while expanding awareness campaign regarding the Data Privacy Law and information security policies.
  - To manage climate-related risks: PLDT conducted a climate risk assessment aligned with Task Force on Climate-related Financial Disclosures recommendations. It continues to deliver commitments to identified sustainability goals through various programs.
  - To address risk management: PLDT ensures risk management activities are aligned to ERMF, and are continuously monitored and reviewed across all levels of the organization.

- Consumer food products – Indofood's ERM is undertaken through a top-down approach that involves the Indofood Board in the evaluation of high-level risks and a bottom-up approach where subsidiaries and business units assess risks specific to their operations. The Corporate ERM team consolidates the key risks to get a holistic view of Indofood's risks, and reports to the Indofood Board and the Audit Committee periodically. The top risks identified were (i) pandemic risk; (ii) health and safety risks; (iii) food safety and quality risk; (iv) system and information risk; (v) competition risk; (vi) raw material risk; (vii) environmental risk; (viii) publicity and reputational risks; (ix) sustainability risk; and (x) talent and people risk.

  As a packaged food and beverage producer, Indofood is exposed to the pandemic risk arising from the current virus outbreak (COVID-19) that might result in loss of life/severe health problem to the workers, closure of offices, factories and other facilities, disturbance of its operational activities such as limitation to conduct operational activities; scarcity of raw material; decrease in sales; and disturbance in logistic transportation. In addressing this risk, Indofood continues to comply with applicable government regulations; enforces preventative procedures such as application of disinfectant, mandatory usage of masks, social distancing, temperature checking for employees and guests. Task force in every business unit has been established in order to coordinate and manage all necessary actions. Indofood has put in place work from home ("WFH") program for management and employees, and accommodate WFH activities with secured remote VPN to access its network. It maintains buffer inventory supply of raw materials, commodity/material substitution and availability of alternative suppliers to minimise disruptions and expands e-commerce sales. Indofood is also exposed to health and safety risk, which is the risk of an unsafe working environment resulting in employee accidental injury/death, or health consequences, impact on brand value, reputation and legal implications. Regarding health and safety risk, Indofood continues to comply with applicable government regulation, including application of OHSAS 18001 and/or SMK3 implementation. It keeps regular monitoring and audit of health and safety compliance, as well as regular socialisation and safety patrol inspection in operational area.

  Indofood is also exposed to food safety and quality risks for the products it produces and markets. Indofood imposes stringent controls across all stages of raw material sourcing, manufacturing, and product distribution. Indofood's standard operating procedures embody the principles of good manufacturing practices and adhere to international quality and food safety standards such as ISO 22000 (Food Safety Management), GMP (Good Manufacturing Practices), BPOM (National Agency of Drugs and Foods Controls). All Indofood's products are halal certified.

  In addressing its system and information risk, employees are given limited access/authorization rights to its information management system based on employee level and needs. Strong password policy for access to data/information in information system with periodic password changes are required. Indofood will conduct security system assessment periodically, with IT security awareness socialization, usage of company-owned cloud storage and usage of security socket layer in official company website. In addressing competition risk, Indofood launches competitive marketing advertisement, builds strong brand awareness and brand loyalty, increases sales means through e-commerce and/or digital channel, undertakes new product range development, product innovation and reformation and maximize distribution to IAP. Indofood manages raw material risk through monitoring of commodity/material price fluctuation/movements and consideration of alternative suppliers. Indofood manages environmental risk through compliance with applicable government regulations. It also conducts improvement of environmental awareness and facilities to satisfy the relevant regulatory requirements. It also develops energy usage baseline as preparation for energy management system implementation (ISO 50001).

  For publicity and reputational risks, Indofood conducts media monitoring, set up responsive call center and follow up action. It has contingency communication plan during crisis and use verified social media account for announcement and clarification of negative rumours. For sustainability risk, Indofood conducts routine monitoring of regulation and ensures compliance to all related regulations. It imposes strict monitoring of environmental implementation through Indonesian Sustainable Palm Oil certification mechanism. It conducts regular training and socialization, as well as strict monitoring and implementation of health and safety among workers, implementing policy relating to prohibition of child labor, protecting freedom of association and collective bargaining, promoting diversity and equal employment opportunity, and protecting employees from all forms of harassment and abuse. For talent and people risk, it conducts managerial development training, movement/rotation program for supervisor and availability of employee skill mapping, and continuing with succession planning.

- Infrastructure – MPIC, through its Risk Management Committee ("RMC"), oversees and monitors MPIC Management's adoption of a risk management system. MPIC's RMC has conducted a review of the effectiveness of the MPIC Group's (including its subsidiaries, major associated companies and joint ventures) ERM systems for FY2021, covering all material strategic, financial operational and compliance risks.

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

Various treatment strategies and mitigation initiatives have been executed in response to the risks identified. Key initiatives are as follows:

- In relation to regulatory and political risks: MPIC explores options to invest in non-regulated businesses. MPIC also monitors changes in the political and regulatory landscape including material legal disputes of the group as well as potential changes in material regulations that may affect the business of the group. It also strives to establish a positive working relationship with government, by among others, entering into constructive dialogue with government and proactively seeking workable solutions on various issues and disputes. The MPIC Group also seeks to strengthen its relationship with government by partnering with various government agencies to promote and advance their programs, especially by assisting the government in helping the country during the COVID-19 pandemic.

- In terms of liquidity risk: MPIC regularly reviews and updates its cashflow projections and conducts scenario planning and analysis to be prepared in case of contingencies. It also practises prudent business development strategy by closely monitoring the performance and operations of its investee companies. MPIC also re-evaluates the operations of its investee companies and takes advantage of various opportunities that may arise in order to increase shareholder value.

- To manage climate change and related issues: MPIC created the MPIC Group Sustainability Council to harmonize and coordinate the sustainability initiatives of the MPIC Group. The MPIC Group also continues to explore renewable energy projects for its power generation business and also to serve its own requirements. The MPIC Group also looks at other environment friendly technologies in its other businesses, such as clean technologies in coal operations, more efficient water cleaning technology to sustain filtration capacity in case of high turbidity in water sources and new technologies to reduce non-revenue water.

- To address cybersecurity risk: MPIC institutionalizes and enhances current cybersecurity processes across the MPIC Group and proposed the appointment of an MPIC Cybersecurity Group Head; strengthens its IT organization and governance; reviews and strengthens internal controls on processes susceptible to online fraudulent schemes; ensures compliance with the requirements of the Data Privacy Act, including third-party service providers and suppliers; and includes such compliance requirement in the supplier agreements.

- To manage operational execution of investee companies risks: MPIC ensures operating effectiveness and implementation of controls for the newly acquired companies by instituting an MPIC Transition team; provides oversight and support to the operational requirements of the investee companies; daily grind/catch-up meetings are held to discuss the pressing concerns of the investee companies; stringently monitors key performance indicators of existing operating companies; detailed review and enforces attainment of certain milestones prior to release of funds; and re-purpose remaining assets of companies that have ceased doing business.

- To address business transformation risk: MPIC regularly benchmarks with global and local market leaders. It also embraces disruptive technologies and continues to explore new businesses and business models. MPIC also has a “Crisis Management Playbook” and provides training opportunities on effective leadership and public relations. MPIC also recognizes the importance of customer experience and continues to invest and promote greater emphasis on customer experience.

- To address value realization risk: MPIC thoroughly screens investments and conducts due diligence while negotiating for the most optimal acquisition value. It also manages financial planning and cashflows of its various investments.

- To address business development risk: MPIC exercises strong discipline on asset acquisition by ensuring proper accountability on M&A transactions. It also ensures alignment of pipeline of investments with the overall strategic direction of the company and continues to explore opportunities in other emerging markets. MPIC also emphasizes the importance of a thorough and comprehensive due diligence on its M&A transactions. It also adopted its Business Development and Investment Policy to institutionalize the approval levels for M&A transactions, as well as including a product and industry exclusion list where MPIC will not invest in.

- To manage human capital risk: MPIC takes steps to improve talent attraction and retention. It also has a succession plan which is reviewed regularly. Finally, MPIC reviews its organization to ensure that positions are filled with competent officers/employees.

- To address competition risk: MPIC implements “Demand Creation Strategy”. It seeks to enter into supply contract with new customers that have sufficient length and terms that will support investments in the business and appoint management teams in businesses acquired who have expertise in these business segments.

- Electricity generation – in order to ensure that it has a robust system of internal controls and risk management framework in place, PLP established an Audit and Risk Committee ("ARC") to oversee the adequacy of internal controls and risk management in the company. The ARC comprises 3 members of the Board of Directors and meets at least twice a year and whenever there are issues to be discussed. The Head of Risk Management ("HRM") reports to the ARC and manages PLP's risk management process, which includes oversight of the risk register and risk map, audit of internal controls and the whistle-blowing process. To further strengthen independence in the audit of internal controls, an external auditor has been appointed to audit the internal controls established by the company, who will report its findings to the HRM and the ARC regularly.

  Specific key risks identified by PLP in 2021 include: (i) inability to run the generation units at full capacity, inability to export electricity and disruption in the company's gas supply; (ii) significant change in regulations (e.g. network constraints, futures market, vesting parameters review, retail third party charges, forward capacity market); (iii) high attrition of personnel, in particular mid-management level with domain knowledge whereby it is difficult to secure suitable candidates to fill these vacated positions; (iv) business interruptions due to COVID-19, which may affect staff attendance and/or safety of staff compromised; (v) limited or no available hedge counterparties and insufficient trading limits granted by counterparties; (vi) pool prices lower than budgeted spark spread and/or cost; (vii) widening spread between PNG and LNG; (viii) cybersecurity attack; (ix) lapses in permits/licences causing the plant to be shut down thereby incurring financial penalty; and (x) requirement of SBLC/BG which may exceed current limit provided by lenders.

  In order to mitigate the major risks, PLP reviews its Asset Management Plan and critical spares/stocks, and initiates replacement of system/equipment which are becoming obsolete on a regular basis. It has designated task force to review Root Cause Analysis in the event of force outage so as to obtain Power System Operator approval expeditiously. PLP conducts prudent and due diligent assessment of the financial/capability standing of the contractors to ensure competency in completion of work orders. It will ensure that backup fuel system and fuel switchover to alternate fuel supply are available. PLP joined as a founding member of the Industry Association which will be a platform to advance advocacy and engage in active consultations with the regulators. They will also collaborate with industry participants to lobby against introduction of unfavourable regulations. In addition, PLP has in place various response plans such as Emergency Response Plan, Pandemic Readiness and Response Plan and Cybersecurity Incident and Data Breach Incident Response Plan to manage the business interruption events identified. Annual Business Continuity Plan exercise is conducted to reinforce the BCP plans and assess its effectiveness. PLP has also bought adequate insurance for business interruption to mitigate the cost/losses and will consider purchasing a Cybersecurity insurance. Compensation and benefits are reviewed annually to ensure that it is competitive within the industry. The Company monitors the margin requirements of hedging contracts on a daily basis, as well as counterparty credit rating periodically. PLP explores ways of selling gas to party with storage capacity and optimise generation including two shifting of units. PLP implemented the Codes of Practice issued by the Commissioner of Cybersecurity in accordance with Cybersecurity Act 2018. Permits/licences are tracked and monitored by automated alerts through the Contract and Documents Management System and Computerised Maintenance Management System. PLP undertakes bi-annual assessment of the SBLC/BG limits and will request banks to increase facility amount, if necessary.

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

  The major risks identified include (i) delay in raising the funding requirement for the Silangan mine development; (ii) spread of COVID-19 in the next 12 months leading to more stringent quarantine guidelines; (iii) failure to settle the dispute on IP royalty regarding SDMP deduction against royalty; (iv) possible structural failure or physical damage to Tailings Storage Facility ("TSF 3") that may be caused by the occurrence of a strong earthquake; (v) major equipment failure that would lead to non-attainment of production targets; (vi) non-compliance to Environmental Laws on Air and Water (sulfate exceedance); (vii) enactment of legislation on mining industry; (viii) acts of insurgence disrupting transport of concentrates; (ix) non-renewal of Quarry "G" permit expiring on 20 September 2021; and (x) failure to obtain a tenurial instrument for TSF 3 area from the Department of Energy and Natural Resources.

  In order to mitigate those risks, Philex will continue the ongoing search of strategic investors while at the same time prepare for an in-phase development of the project and sourcing other possible funding options. Philex has regular and timely liaison with suppliers and respective government agencies and local government units to address possible new stringent government measures on COVID-19 ahead of its implementation. Philex has engaged outside counsel to further advise on its position and options on the Indigenous People royalty issue. Philex Management started to implement the agreed structural reinforcement of the TSF 3 and raising of the embankment based on the recommendations of their consultants. Philex will conduct regular preventive maintenance on major equipment and audit by external specialists to ensure attainment of production targets. It requires the strict adherence of end-users to all applicable laws and standards and will do weekly monitoring/inspection of environmental activities. Philex continues to work with the other mining companies and the Chamber of Mines of the Philippines for participation in the discussions on possible minute changes in the New Mining Regime and to monitor synchronization of various bills to push for the least disadvantage to the mining industry. It will intensify security within mine and during transport of concentrates, coupled with close coordination with the Philippine National Police and other government security agencies. Philex has also renewed the Quarry "G" permit for an additional 5 years.

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

During the year ended 31 December 2021, 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.

Remuneration Policy

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

Salary and Benefits

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

Bonus and Long-term Incentives

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

Fees

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

Pension Contributions

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

Financial Review

Financial Performance and Position

Analysis of Consolidated Income Statement

An analysis of the Group's 2021 reported results compared with 2020's follows.

For the year ended 31 December US$ millions	2021	2020	% change
Turnover	**9,103.2**	7,130.5	+27.7
Gross profit	**2,828.0**	2,308.3	+22.5
Operating expenses	**(1,403.1)**	(1,223.9)	+14.6
Other operating expenses, net	**(274.3)**	(50.5)	+443.2
Net finance costs	**(435.7)**	(373.8)	+16.6
Share of profits less losses of associated companies and joint ventures	**373.9**	280.0	+33.5
Taxation	**(281.9)**	(341.6)	-17.5
Profit for the year from a discontinued operation	**88.8**	69.1	+28.5
Non-controlling interests	**(562.4)**	(466.0)	+20.7
Recurring profit	**426.5**	321.2	+32.8
Profit attributable to owners of the parent	**333.3**	201.6	+65.3

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

Turnover – increased by 27.7%, mainly reflecting the increases in Indofood revenue (increased by 21.6% in rupiah terms), PLP's revenues (increased by 104.2% in S$ terms) and MPIC's revenues (increased by 6.6% in peso terms), and the impact of the appreciation in the average rupiah and S$ exchange rates against the U.S. dollar of 2.1% and 2.5%, respectively. The increase in Indofood's sales mainly reflects the full year (2020: 4 months) consolidation of Pinehill. The increase in PLP's revenue mainly reflecting higher average selling price due to severe gas curtailment and higher sales volume associated with economic recovery. The increase in MPIC's revenues mainly reflects higher revenues at MPTC following the ease of community quarantine restrictions and toll rate increases.

Gross profit – increased by 22.5%, mainly reflecting the increase in gross profits at Indofood, PLP and MPIC, and the impact of the appreciation in the average rupiah and S$ exchange rate against the U.S. dollar. The decrease in gross profit margin (2021: 31.1% vs 2020: 32.4%) mainly reflects the dilution impact from the increase in proportion of Indofood's gross profit with margin of 32.7% (2020: 32.7%) on full year consolidation of Pinehill, and the decrease in MPIC's gross profit margin (2021: 57.3% vs 2020: 57.7%) on higher cost of sales and services driven by higher amortization of service concession assets due to increased capital expenditure at Maynilad.

Operating expenses – increased by 14.6%, mainly reflecting the full year (2020: 4 months) consolidation of Pinehill, increase in freight and handling expenses at Indofood on higher domestic sales, and increases at MPIC due to increased economic activity and business operations as a result of less restrictive quarantine measures.

Other operating expenses, net – increased by 443.2%, mainly reflecting higher impairments and provisions made by the Group in 2021, and foreign exchange and derivative losses in 2021 as compared to gains in 2020, partly offset by MPIC's gain on disposal of DMT.

Net finance costs – increased by 16.6%, mainly reflecting higher average debt level and interest rate at Indofood and lower interest income at Indofood and MPIC, partly offset by lower finance costs at Head Office and MPIC on lower interest rates due to refinancing activities.

Share of profits less losses of associated companies and joint ventures – increased by 33.5%, mainly reflecting higher profit contributions from PLDT, Meralco and Philex.

Taxation – decreased by 17.5%, mainly reflecting lower income tax expenses at MPIC in light of the CREATE law which reduced the corporate income tax rate in the Philippines to 25% from 30%, with retroactive effect from 1 July 2020.

Profit for the year from a discontinued operation – increased by 28.5%. The amount represents the net profit of GBPC which was classified as a discontinued operation in December 2020. The increase mainly reflects the gain on deconsolidation of GBPC, partly offset by a shorter period for GBPC being classified as a discontinued operation following the completion of the transfer of 56% interest in GBPC by MPIC to Meralco on 31 March 2021.

Non-controlling interests – increased by 20.7%, mainly attributable to higher profit at Indofood shared by its non-controlling shareholders.

Recurring profit – increased by 32.8%, mainly reflecting higher recurring profit contributions from Indofood, MPIC, Philex and PLDT, a profit instead of loss at PLP, and lower Head Office net interest expenses.

Profit attributable to owners of the parent – increased by 65.3%, mainly reflecting a higher recurring profit and lower non-recurring losses, partly offset by foreign exchange and derivative losses in 2021 instead of gains in 2020.

Analysis of Consolidated Statement of Financial Position

An analysis of the Group's consolidated statement of financial position at 31 December 2021 compared with 31 December 2020's follows.

At 31 December US$ millions	2021	2020	% change
Property, plant and equipment	3,953.0	4,038.1	-2.1
Associated companies and joint ventures	5,266.2	5,314.4	-0.9
Goodwill	4,299.0	4,366.3	-1.5
Other intangible assets	6,040.6	5,927.3	+1.9
Cash and cash equivalents(i)	3,262.9	2,428.0	+34.4
Other assets	3,745.0	4,869.5	-23.1
Total Assets	**26,566.7**	26,943.6	-1.4
Borrowings	11,128.4	10,633.6	+4.7
Other liabilities	4,825.2	5,681.5	-15.1
Total Liabilities	**15,953.6**	16,315.1	-2.2
Net Assets	**10,613.1**	10,628.5	-0.1
Equity attributable to owners of the parent	3,298.6	3,140.0	+5.1
Non-controlling interests	7,314.5	7,488.5	-2.3
Total Equity	**10,613.1**	10,628.5	-0.1

(i) Includes short-term deposits and restricted cash

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

Property, plant and equipment – decreased by 2.1%, mainly reflecting depreciation, impairment provisions made during the year, and a retranslation effect (mainly reflecting the depreciation of the closing exchange rates of the peso, rupiah and S$ against the U.S. dollar of 5.8%, 1.1% and 2.0%, respectively), partly offset by capital expenditure incurred by Indofood and MPIC, and Indofood's investments in newly planted area and maintenance of immature plantations.

Associated companies and joint ventures – decreased by 0.9%, mainly reflecting a retranslation effect (mainly reflecting the depreciation of the closing exchange rates of the peso and rupiah against the U.S. dollar), MPIC's disposal of its investment in DMT, and payments of dividends from the associated companies, partly offset by the Group's share of net profits from PLDT, Meralco and Philex, and MPIC's acquisition of a 50% effective interest in PCSPC in January 2021.

Goodwill – decreased by 1.5%, mainly reflecting a retranslation effect (mainly reflecting the depreciation of the closing exchange rate of the rupiah against the U.S. dollar).

Other intangible assets – increased by 1.9%, mainly reflecting MPIC's capital expenditure for its water distribution, toll roads and rail concessions, partly offset by a retranslation effect (mainly reflecting the depreciation of the closing exchange rate of the peso against the U.S. dollar), impairment provision for MPIC's rail concessions made during the year, and amortization.

Cash and cash equivalents – increased by 34.4%, mainly reflecting operating cash inflows from Indofood, MPIC and PLP, net proceeds from Indofood's issuance of bonds and MPIC's new borrowings, dividends from associated companies, and MPIC's receipt of the net proceeds from the transfer of 56% interest in GBPC to Meralco and sales of DMT, partly offset by the Group's payments for capital expenditure, investments, distributions/dividends to shareholders of the Company and non-controlling shareholders of its subsidiary companies, the Company's and MPIC's shares buybacks, and a retranslation effect (mainly reflecting the depreciation of the closing exchange rates of the peso and rupiah against the U.S. dollar).

Other assets – comprising biological assets, investment properties, accounts receivable, other receivables and prepayments, financial assets at fair value through other comprehensive income, deferred tax assets, other non-current assets, inventories and assets classified as held for sale, decreased by 23.1%, mainly reflecting the decrease in assets classified as held for sale following the completion of the transfer of GBPC on 31 March 2021 and a retranslation effect (mainly reflecting the depreciation of the closing exchange rates of the peso and rupiah against the U.S. dollar).

Borrowings – increased by 4.7%, mainly reflecting Indofood's issuance of bonds mature between June 2031 and April 2052 totalling US$2,750 million to refinance its acquisition loans for Pinehill originally due in August 2025 and finance its retention amount payable due in April 2022, and MPIC's net new borrowings for financing its capital expenditure and investments, partly offset by a retranslation effect (mainly reflecting the depreciation of the closing exchange rates of the peso and rupiah against the U.S. dollar).

Other liabilities – comprising accounts payable, other payables and accruals, provision for taxation, deferred liabilities, provisions and payables, liabilities directly associated with the assets classified as held for sale and deferred tax liabilities, decreased by 15.1%, mainly reflecting decrease in liabilities directly associated with the assets classified as held for sale following the completion of the transfer of GBPC on 31 March 2021 and a retranslation effect (mainly reflecting the depreciation of the closing exchange rates of the peso and rupiah against the U.S. dollar).

Equity attributable to owners of the parent – increased by 5.1%, mainly reflecting the Group's net profit for 2021 (US$333.3 million), partly offset by an unfavorable movement in the Group's exchange reserve (mainly reflecting the depreciation of the closing exchange rates of the peso and rupiah against the U.S. dollar), and the Company's payments for 2020 final distribution (US$41.8 million), 2021 interim distribution (US$49.9 million), and shares repurchases (US$23.8 million).

Non-controlling interests – decreased by 2.3%, mainly reflecting MPIC's deconsolidation of GBPC, dividends paid to non-controlling shareholders by Indofood, MPIC and their subsidiary companies, and the Group's increase in its effective interest in MPIC following MPIC's share buyback, and a retranslation effect (mainly reflecting the depreciation of the closing exchange rates of the peso and rupiah against the U.S. dollar), partly offset by the share of profits by non-controlling shareholders and capitalization of loans from non-controlling shareholders of PLP.

Liquidity and Financial Resources

Analysis of Consolidated Statement of Cash Flows

An analysis of the Group's 2021 consolidated statement of cash flows compared with 2020's follows.

For the year ended 31 December US$ millions	2021	2020	% change
Operating Activities			
Net cash flows from operating activities	**1,245.9**	1,036.6	+20.2
Investing Activities			
Dividends received	**243.4**	262.5	-7.3
Net capital expenditure	**(1,099.3)**	(957.2)	+14.8
Disposals, acquisitions and investments	**125.4**	(2,253.2)	-105.6
Financing Activities			
Net new borrowings	**807.9**	2,010.4	-59.8
Distributions/dividends paid	**(379.1)**	(329.6)	+15.0
Other financing cash flows	**(123.4)**	(115.4)	+6.9
Net Increase/(Decrease) in Cash and Cash Equivalents	**820.8**	(345.9)	-337.3
Cash and cash equivalents at 1 January[i]	**2,363.2**	2,650.8	-10.8
Exchange translation	**(67.1)**	58.3	-215.1
Cash and Cash Equivalents at 31 December[i]	**3,116.9**	2,363.2	+31.9

(i) Includes short-term deposits, but excludes short-term deposits with original maturity of more than three months for the amount at 31 December 2021. Includes short-term deposits, bank overdrafts, and cash and cash equivalents attributable to a discontinued operation, but excludes short-term deposits with original maturity of more than three months for the amounts at 1 January 2021 and 2020, and 31 December 2020.

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

Net cash flows from operating activities – increased by 20.2%, mainly reflecting the increase in operating cash inflow at Indofood on full year contribution from Pinehill, and operating cash inflow instead of outflow at PLP as benefited from high electricity selling price and higher sales volume associated with economic recovery from COVID-19.

Dividends received – decreased by 7.3%, mainly reflecting a decrease in dividend income from Meralco, partly offset by an increase in dividend income from PLDT.

Net capital expenditure – increased by 14.8%, mainly reflecting the absence of proceeds from disposal of La Carlota assets, and higher capital expenditure on service concession assets at MPIC on resumption of projects delayed by COVID-19 last year.

Disposals, acquisitions and investments – 2021's net cash inflow principally relates to net cash inflow from MPIC's deconsolidation of GBPC (US$209.7 million) and disposal of DMT (US$145.2 million), partly offset by MPIC's acquisition of a 50% effective interest in PCSPC (US$144.2 million) and the last instalment payment for its acquisition of a 25% interest in Beacon Electric from PLDT Communications and Energy Ventures, Inc. ("PCEV") in June 2017 (US$49.6 million). 2020's net cash outflow principally relates to net cash outflow on Indofood's acquisition of Pinehill (US$2,253.8 million) and MPIC's instalment payments for its acquisition of a 50% interest in Beacon Electric from PCEV (US$114.1 million), partly offset by the receipt of second and final instalments from the divestment of a 40.1% interest in MPHHI (US$80.9 million).

Net new borrowings – decreased by 59.8%. 2021's net cash inflow principally relates to net proceeds from Indofood's issuance of bonds and borrowings (US$573.0 million) and net proceeds from borrowings at MPIC (US$283.9 million). 2020's net cash inflow principally relates to net proceeds from borrowings at Indofood (mainly for the acquisition of Pinehill) (US$2,131.0 million) and net proceeds from borrowings at MPIC (US$218.4 million), partly offset by Head Office's redemption of bond matured in September 2020 (US$251.8 million) and RHI's early repayment of borrowings with the proceeds from disposal of La Carlota assets (US$83.3 million).

Distributions/dividends paid – increased by 15.0%. The amount represents the payments of 2020 final and 2021 interim distributions by the Company to its shareholders and the payments of dividends by the Company's subsidiary companies to their non-controlling shareholders. The increase principally reflects increases in distributions paid by the Company and dividends paid by Indofood's subsidiary companies, partly offset by a decrease in dividends paid by MPIC's subsidiary companies mainly due to deconsolidation of GBPC.

Other financing cash flows – increased by 6.9%. 2021's net cash outflow mainly relates to the Company's and MPIC's shares buybacks (US$70.1 million), the Group's settlement of principal portion of lease payments (US$35.2 million), ICBP's acquisition of an additional 49% interest in IFM (US$34.5 million), and MPTC's and Maynilad's payment of concession fees payable (US$16.2 million), partly offset by capital contributions from non-controlling shareholders (US$35.1 million). 2020's net cash outflow mainly relates to MPTC's and Maynilad's payment of concession fees payable (US$117.2 million), MPIC's shares buyback (US$69.2 million), the Group's settlement of principal portion of lease payments (US$34.1 million) and Indofood's acquisition of additional interests in IndoAgri (US$5.1 million), partly offset by proceeds from divestments of a 19.2% effective interest in LRMC and a 10.3% interest in PT Margautama Nusantara (US$94.0 million) and capital contributions from non-controlling shareholders (US$16.8 million).

Net Debt and Gearing

(A) Head Office Net Debt

The marginal increase in net debt mainly reflects a slight increase in borrowings netting off the increase in net cash inflow from operating activities as a result of increased dividend income and reduction in interest expense, partly offset by the increase in return to shareholders in form of repurchase of shares and increased distributions. The Head Office's borrowings at 31 December 2021 comprise bonds of US$705.4 million (with an aggregated face value of US$707.8 million) which are due for redemption between April 2023 and September 2027, and bank loans of US$729.8 million (with a principal amount of US$735.0 million) which are due for repayment between March 2022 and June 2029. Subsequent to the year end, the bank loan maturity in March 2022 was fully refinanced with a bank term loan. There are no other borrowings due for repayment in 2022.

Changes in Head Office Net Debt

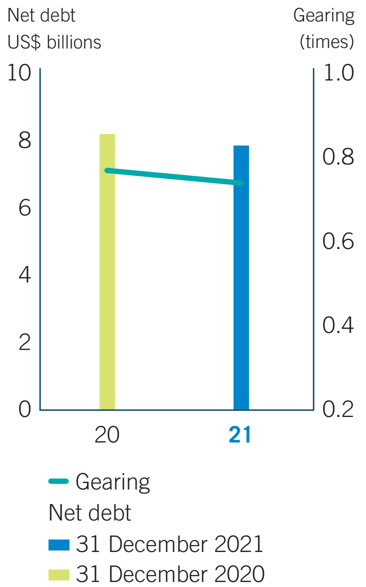
US$ millions	Borrowings	Cash and cash equivalents	Net debt
At 1 January 2021	1,430.9	(111.4)	1,319.5
Movement	4.3	(1.6)	2.7
At 31 December 2021	**1,435.2**	**(113.0)**	**1,322.2**

Head Office Cash Flow

For the year ended 31 December US$ millions	2021	2020
Dividend and fee income	**204.4**	189.9
Head Office overhead expense	**(18.6)**	(17.3)
Net cash interest expense	**(49.3)**	(55.2)
Tax paid	**(0.1)**	(0.6)
Net Cash Inflow from Operating Activities	**136.4**	116.8
Net investments	**(13.3)**	(14.2)
Financing activities		
– Distributions paid	**(91.7)**	(78.4)
– Payments for repurchase of shares	**(23.8)**	–
– Repayment of borrowings, net	**(1.4)**	(234.3)
– Others(i)	**(4.6)**	(3.5)
Net Increase/(Decrease) in Cash and Cash Equivalents	**1.6**	(213.6)
Cash and cash equivalents at 1 January	**111.4**	325.0
Cash and Cash Equivalents at 31 December	**113.0**	111.4

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

Net Debt and Gearing



(B) Group Net Debt and Gearing

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

Consolidated

US$ millions	Net debt(i) 2021	Total equity 2021	Gearing (times) 2021	Net debt(i) 2020	Total equity 2020	Gearing (times) 2020
Head Office	**1,322.2**	**1,336.5**	**0.99x**	1,319.5	1,621.2	0.81x
Indofood	**2,263.2**	**5,998.2**	**0.38x**	2,548.1	5,598.2	0.46x
MPIC	**3,819.5**	**4,547.2**	**0.84x**	3,762.8	5,079.5	0.74x
FPM Power	**378.3**	**43.4**	**8.72x**	468.4	(42.9)	–
FP Natural Resources	**82.3**	**29.0**	**2.84x**	106.8	55.3	1.93x
Group adjustments(ii)	**–**	**(1,341.2)**	**–**	–	(1,682.8)	–
Total	**7,865.5**	**10,613.1**	**0.74x**	8,205.6	10,628.5	0.77x

Associated Companies

US$ millions	Net debt(i) 2021	Total equity 2021	Gearing (times) 2021	Net debt(i) 2020	Total equity 2020	Gearing (times) 2020
PLDT	**4,483.3**	**2,499.3**	**1.79x**	3,801.1	2,492.0	1.53x
Philex	**142.0**	**523.5**	**0.27x**	182.6	504.5	0.36x

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

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

Indofood's gearing decreased because of a decrease in its net debt as a result of its operating cash inflow, despite its payments for capital expenditure, investments in mutual funds and a 49% interest in IFM, coupled with an increase in its equity reflecting its profit recorded during the year.

MPIC's gearing increased because of a decrease in its equity as a result of deconsolidation of GBPC, despite its profit recorded during the year, coupled with an increase in its net debt as a result of payments for capital expenditure and concession fees, its acquisition of a 50% effective interest in PCSPC, and final instalment payment for its acquisition of a 25% interest in Beacon Electric from PCEV, despite net proceeds from transfer of a 56% interest in GBPC and disposal of a 29.5% interest in DMT, operating cash inflow, and dividends received from Meralco.

FPM Power's net debt decreased because of PLP's operating cash inflow. The decrease in deficit mainly reflects capitalization of shareholder's loans into equity and its profit recorded during the year.

FP Natural Resources' gearing increased because of a decrease in its equity reflecting RHI's loss recorded during the year.

The Group's gearing decreased to 0.74 times because of a lower net debt level mainly as a result of the Group's operating cash inflow and net proceeds from assets disposals, partly offset by the Group's payments for investments and capital expenditure.

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	**2021**	2020	**2021**	2020
Within one year	**1,645.7**	1,659.7	**1,649.8**	1,662.5
One to two years	**760.5**	867.9	**767.9**	874.2
Two to five years	**2,481.9**	4,113.2	**2,499.6**	4,127.4
Over five years	**6,240.3**	3,992.8	**6,282.4**	4,016.3
Total	**11,128.4**	10,633.6	**11,199.7**	10,680.4

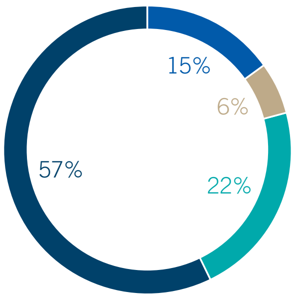
The change in the Group's debt maturity profile from 31 December 2020 to 31 December 2021 mainly reflects a shift in long-term borrowings among the different maturity periods for Head Office, Indofood and MPIC, in particular Indofood's issuance of bonds mature between June 2031 and April 2052 with a total amount of US$2,750 million mainly to refinance its acquisition loans for Pinehill originally due in August 2025 and the settlement of retention amount payable due in April 2022.

Associated Companies

	PLDT				Philex			
	Carrying amounts		Nominal values		Carrying amounts		Nominal values	
US$ millions	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020
Within one year	**225.4**	365.9	**232.4**	368.8	**198.6**	37.0	**202.9**	37.0
One to two years	**540.9**	312.4	**547.7**	315.1	**–**	170.4	**–**	179.3
Two to five years	**1,034.4**	1,366.1	**1,055.3**	1,373.3	**–**	–	**–**	–
Over five years	**3,151.4**	2,594.6	**3,172.7**	2,608.1	**–**	–	**–**	–
Total	**4,952.1**	4,639.0	**5,008.1**	4,665.3	**198.6**	207.4	**202.9**	216.3

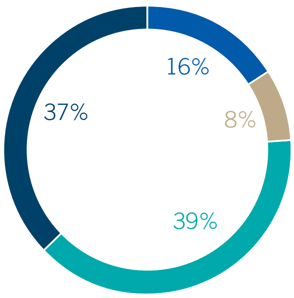
The change in PLDT's debt maturity profile from 31 December 2020 to 31 December 2021 mainly reflects new borrowings arranged to finance capital expenditure and/or refinance its loan obligations which were utilized for service improvements and expansion programs, and loan repayments. The decrease in Philex's debt mainly reflects debt repayments during the year.

Maturity Profile of Consolidated Debt 2021



	US$ millions
Within one year	1,645.7
One to two years	760.5
Two to five years	2,481.9
Over five years	6,240.3
Total	**11,128.4**

Maturity Profile of Consolidated Debt 2020



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

Financial Risk Management

Foreign Currency Risk

(A) Company Risk

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

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

With the exception of the Head Office, the principal components of the Group's NAV mainly relate to investments denominated in the rupiah and peso. Accordingly, any change in these currencies, against their respective 31 December 2021 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.

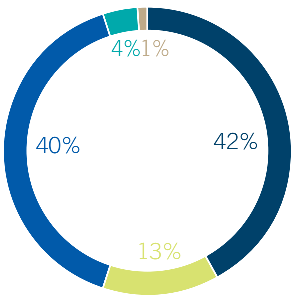
Company	Basis	Effect on adjusted NAV US$ millions	Effect on adjusted NAV per share HK cents
Indofood	(i)	19.5	3.55
PLDT	(i)	19.6	3.58
MPIC	(i)	10.1	1.84
Philex	(i)	2.4	0.44
PXP	(i)	0.7	0.12
FP Natural Resources	(ii)	0.1	0.03
Head Office – Other assets	(iii)	1.0	0.18
Total		**53.4**	**9.74**

(i) Based on quoted share prices at 31 December 2021 applied to the Group's economic interests

(ii) Based on quoted share price of RHI at 31 December 2021 applied to the Group's effective economic interest

(iii) Represents the carrying amount of Silangan Mindanao Exploration Co., Inc.'s notes ("SMECI's notes")

Analysis of Total Borrowings by Currency



	US$ millions
US$	4,696.6
Rupiah	1,470.5
Peso	4,390.1
S$	459.8
Others	111.4
Total	**11,128.4**

(B) Group Risk

The results of the Group's subsidiary and associated companies are denominated in local currencies, principally the rupiah, 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 subsidiary and associated companies 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	4,696.6	1,470.5	4,390.1	459.8	111.4	**11,128.4**
Cash and cash equivalents[(i)]	(1,384.0)	(820.5)	(952.5)	(48.1)	(57.8)	**(3,262.9)**
Net Debt	3,312.6	650.0	3,437.6	411.7	53.6	**7,865.5**
Representing:						
Head Office	1,333.4	–	(9.0)	–	(2.2)	**1,322.2**
Indofood	1,754.8	524.2	–	18.8	(34.6)	**2,263.2**
MPIC	239.9	125.8	3,363.4	–	90.4	**3,819.5**
FPM Power	(14.6)	–	–	392.9	–	**378.3**
FP Natural Resources	(0.9)	–	83.2	–	–	**82.3**
Net Debt	3,312.6	650.0	3,437.6	411.7	53.6	**7,865.5**

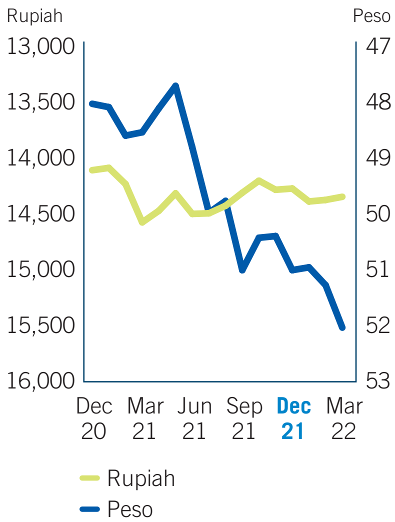
Associated Companies

US$ millions	US$	Peso	Total
Net Debt			
PLDT	647.3	3,836.0	**4,483.3**
Philex	(47.1)	189.1	**142.0**

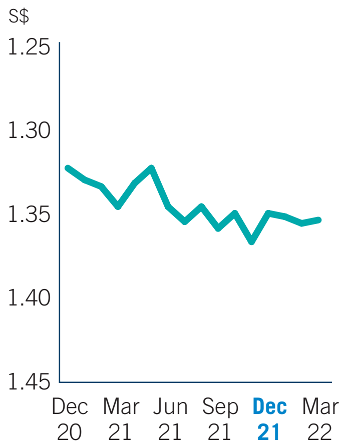
(i) Includes short-term deposits and restricted cash

Details of changes in Head Office net debt are set out on page 85.

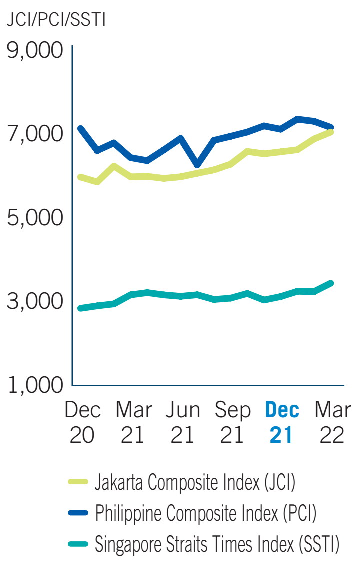
Rupiah and Peso Closing Rates Against the U.S. Dollars



Singapore Dollars Closing Rates Against the U.S. Dollars



Stock Market Indices



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 respective 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)]	1,333.4	–	1,333.4	–	**–**
Indofood	1,754.8	–	1,754.8	17.5	**6.9**
MPIC	239.9	–	239.9	2.4	**0.8**
FPM Power	(14.6)	–	(14.6)	(0.1)	**(0.1)**
FP Natural Resources	(0.9)	–	(0.9)	(0.0)	**(0.0)**
PLDT	647.3	(298.3)	349.0	3.5	**0.7**
Philex	(47.1)	–	(47.1)	(0.5)	**(0.2)**
Total	**3,912.8**	**(298.3)**	**3,614.5**	**22.8**	**8.1**

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

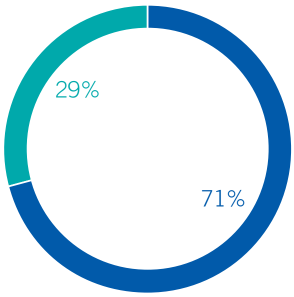
Equity Market Risk

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

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

	Jakarta Composite Index	**Philippine Composite Index**	**Singapore Straits Times Index**
At 31 December 2020	5,979	7,140	2,844
At 31 December 2021	**6,581**	**7,123**	**3,124**
Change during 2021	+10.1%	-0.2%	+9.8%
At 30 March 2022	7,053	7,167	3,443
Increase during 1 January 2022 to 30 March 2022	+7.2%	+0.6%	+10.2%

Interest Rate Profile



	US$ millions
Fixed	7,853.2
Variable	3,275.2
Total	**11,128.4**

Interest Rate Risk

The Company and its subsidiary and associated companies 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	933.8	501.4	(113.0)	**1,322.2**
Indofood	2,869.9	1,459.2	(2,065.9)	**2,263.2**
MPIC	4,016.4	813.8	(1,010.7)	**3,819.5**
FPM Power	–	437.4	(59.1)	**378.3**
FP Natural Resources	33.1	63.4	(14.2)	**82.3**
Total	**7,853.2**	**3,275.2**	**(3,262.9)**	**7,865.5**

Associated Companies

US$ millions	Fixed interest rate borrowings[i]	Variable interest rate borrowings[i]	Cash and cash equivalents[ii]	Net debt
PLDT	3,175.8	1,776.3	(468.8)	**4,483.3**
Philex	169.6	29.0	(56.6)	**142.0**

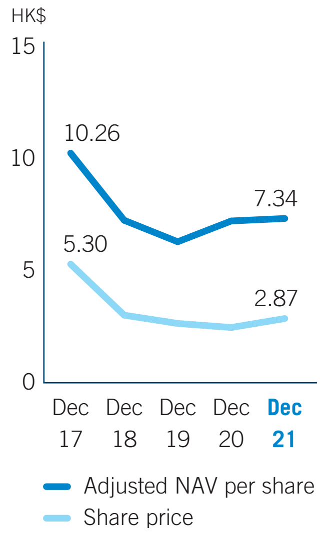
(i) Reflects certain interest rate swap agreements which effectively changed variable interest rate borrowings to fixed interest rate borrowings at Head Office and PLDT

(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	Variable interest rate borrowings	Profit effect of 1% change in interest rates	Group net profit effect
Head Office	501.4	5.0	**5.0**
Indofood	1,459.2	14.6	**5.7**
MPIC	813.8	8.1	**2.7**
FPM Power	437.4	4.4	**1.5**
FP Natural Resources	63.4	0.6	**0.2**
PLDT	1,776.3	17.8	**3.4**
Philex	29.0	0.3	**0.1**
Total	**5,080.5**	**50.8**	**18.6**

Share Price vs Adjusted NAV Per Share



Adjusted NAV Per Share

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

At 31 December US$ millions	Basis	2021	2020
Indofood	(i)	**1,948.7**	2,134.9
PLDT	(i)	**1,962.8**	1,541.5
MPIC	(i)	**1,011.2**	1,178.5
Philex	(i)	**243.8**	235.2
PXP	(i)	**67.0**	127.3
FP Natural Resources	(ii)	**14.6**	27.1
Head Office – Other assets	(iii)	**98.8**	104.9
– Net debt		**(1,322.2)**	(1,319.5)
Total Valuation		**4,024.7**	4,029.9
Number of Ordinary Shares in Issue (millions)		**4,279.1**	4,344.9
Value per share – U.S. dollars		**0.94**	0.93
– HK dollars		**7.34**	7.23
Company's closing share price (HK$)		**2.87**	2.47
Share price discount to HK$ value per share (%)		**60.9**	65.8

(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

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

Contents

Report of the Directors

The Directors present their report and the audited financial statements of First Pacific Company Limited (the "Company") and its subsidiary companies (together, the "Group") (the "Consolidated Financial Statements") for the year ended 31 December 2021.

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

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

An analysis of the Group's turnover and segmental information for the year is set out in Note 4 to the Consolidated Financial Statements, and a summary of its principal investments is set out on pages 223 and 224.

Further discussion and analysis of the Group's activities as required by Schedule 5 to the Hong Kong Companies Ordinance, including a description of the principal risks and uncertainties facing the Group, an indication of likely future development in the Group's business and the Group's environmental policies and performance, can be found in the "Review of Operations", "Chairman's Letter", "Managing Director and Chief Executive Officer's Letter", "Corporate Social Responsibility Report" and "Corporate Governance Report" sections set out on pages 8 to 37 and pages 45 to 81 of this annual report. Those discussions form part of this Report of the Directors.

Incorporation

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

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

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

Reserves

Details of movements in the reserves of the Group and the Company during the year are set out in the Consolidated Financial Statements on page 106 and page 218, respectively.

Purchase, Sale or Redemption of Listed Securities of the Company

Pursuant to the repurchase mandate approved by the shareholders at the Company's annual general meeting held in 2021 and the 3-year share repurchase program approved by the Board on 30 March 2021 to repurchase up to US$100 million in value of the Company's shares from the open market, the Company repurchased a total of 65,818,000 (2020: Nil) ordinary shares on the SEHK at an aggregate consideration of HK$185.1 million (US$23.8 million) (2020: Nil) during the year ended 31 December 2021. These shares have been subsequently cancelled. Further details are set out in Note 29 to the Consolidated Financial Statements.

In November 2021, the Company early redeemed the outstanding principal amount of US$120.5 million (2020: repurchased US$54.5 million) of the US$175 million 5.75% Guaranteed Bonds due May 2025 ("2025 Bonds") issued by FPC Capital Limited at an aggregate consideration of approximately US$123.6 million (2020: US$58.5 million). As a result, the Company redeemed all of the outstanding 2025 Bonds as of 30 November 2021 and listing of the 2025 Bonds on the SEHK was withdrawn with effect from 8 December 2021.

During the year ended 31 December 2021, the independent trustee managing the Company's share award scheme bought on the SEHK a total of 3,690,000 shares (2020: 3,228,000 shares) of the Company at an aggregate consideration of approximately US$1.3 million (2020: US$0.9 million) at the cost of the Company.

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

Results and Appropriations

The consolidated results of the Group for the year ended 31 December 2021 and the Group's consolidated financial position at that date are set out in the Consolidated Financial Statements on pages 103 to 105.

An interim distribution of HK9.00 cents (U.S. 1.15 cents) (2020: HK7.00 cents or U.S. 0.90 cents) per ordinary share, totaling US$49.9 million (2020: US$39.2 million), was paid on 28 September 2021. The Directors recommended the payment of a final distribution of HK10.00 cents (U.S. 1.28 cents) (2020: HK 7.50 cents or U.S. 0.96 cents) per ordinary share, totaling US$54.7 million (2020: US$41.8 million). The total distribution per ordinary share for 2021 equals to HK19.00 cents (U.S. 2.43 cents) (2020: HK 14.50 cents or U.S. 1.86 cents), totaling US$104.6 million (2020: US$81.0 million).

Charitable Contributions

In 2021, the Group made charitable contributions totaling US$41.9 million (2020: US$28.7 million).

Property, Plant and Equipment

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

Borrowings

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

Distributable Reserves

At 31 December 2021, the Company's reserves available for distribution, calculated in accordance with the provisions of the Companies Act 1981 of Bermuda (as amended) amounted to US$1,528.9 million (2020: US$1,620.6 million), representing the Company's contributed surplus account. In addition, the Company's share premium account of US$39.9 million (2020: US$63.1 million) may be distributed in the form of fully paid bonus shares.

Pre-emptive Rights

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

Directors

The names and biographical details of the Directors of the Company who held office during the year and up to the date of this report are set out on pages 38 to 41. Details of the remuneration policy and other details are provided in the Corporate Governance Report on page 81 and Note 37(A) to the Consolidated Financial Statements, respectively.

Interests of Directors in the Company and its Associated Corporations

As at 31 December 2021, the interests and short positions of the Directors and chief executive of the Company in the shares of the Company, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) ("SFO")) which (a) were recorded in the register required to be kept under section 352 of Part XV of the SFO; or (b) were notified to the Company and SEHK pursuant to the Model Code were as follows:

(A) Long Positions in Shares in the Company

Name	Ordinary shares	Approximate percentage of issued share capital (%)	Ordinary share options
Anthoni Salim	1,925,474,957[(C)(i)]	45.00	–
Manuel V. Pangilinan	70,493,078[(P)(ii)]	1.65	–
Christopher H. Young	8,385,189[(P)(iii)]	0.20	–
Benny S. Santoso	–	–	5,167,600
Prof. Edward K.Y. Chen, *GBS, CBE, JP*	2,946,559[(P)(iv)]	0.07	–
Margaret Leung Ko May Yee, *SBS, JP*	2,088,652[(P)(v)]	0.05	–
Philip Fan Yan Hok	10,068,652[(P)(vi)]	0.24	–
Madeleine Lee Suh Shin	600,000[(P)]	0.01	3,828,000
Blair Chilton Pickerell	957,000[(P)(vii)]	0.02	–

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

(i) Anthoni Salim indirectly owns 100% of First Pacific Investments (B.V.I.) Limited, his indirect interests in First Pacific Investments (B.V.I.) Limited are held through Salerni International Limited (a company of which Anthoni Salim directly holds 100% of the issued share capital). First Pacific Investments (B.V.I.) Limited and Salerni International Limited are interested in 633,186,599 shares and 502,058,994 shares respectively in the Company. Anthoni Salim also owns 83.84% of First Pacific Investments Limited which, in turn, is interested in 790,229,364 shares in the Company. Of this, 4.04% is held by Anthoni Salim directly, 20.19% by Salerni International Limited and 59.61% by Asian Capital Finance Limited (a company in which Anthoni Salim owns 100% share interests). The remaining 16.16% interest in First Pacific Investments Limited is owned as to 12.12% by the late Sutanto Djuhar and 4.04% by Tedy Djuhar (both are former Non-executive Directors of the Company).
(ii) It included Mr. Pangilinan's interests in 29,033,817 shares transferred to certain family trusts.
(iii) It included Mr. Young's interests in 1,610,283 awarded shares granted pursuant to the Company's Share Award Scheme as adopted by the Board on 19 March 2013 (Share Award Scheme) which remain unvested.
(iv) It included Prof. Chen's interests in 319,000 awarded shares granted pursuant to the Share Award Scheme which remain unvested.
(v) It included Mrs. Leung's interests in 319,000 awarded shares granted pursuant to the Share Award Scheme which remain unvested.
(vi) It included Mr. Fan's interests in 319,000 awarded shares granted pursuant to the Share Award Scheme which remain unvested.
(vii) It represented Mr. Pickerell's interests in 957,000 awarded shares granted pursuant to the Share Award Scheme which remain unvested.

(B) Long positions in Shares in associated corporations

- Manuel V. Pangilinan owned (a) 31,622,404 common shares[(P)] (0.10%)* in MPIC; (b) 285,494 common shares[(P)] (0.13%)* in PLDT as beneficial owner and a further 15,417 common shares (less than 0.01%)* in PLDT as nominee; (c) 4,655,000 common shares[(P)] (0.09%)* in Philex; (d) 1,603,465 common shares[(P)] (0.08%)* in PXP; (e) 55,000 common shares[(P)] (less than 0.01%)* in Meralco; (f) 61,547 common shares[(P)] (less than 0.01%)* in RHI; as well as (g) US$1,000,000 of bonds due 2027 issued by FPC Resources Limited, which is a wholly-owned subsidiary of the Company.

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

- Anthoni Salim owned (a) 1,329,770 ordinary shares[(P)] (0.02%)* in Indofood and an indirect interest of 4,396,103,450 Indofood shares[(C)] (50.07%)* through the Company's group companies; (b) an indirect interest of 2,007,788 shares[(C)] (0.14%)* in IndoAgri through his controlled corporations other than the Company and an indirect interest of 1,165,446,430 IndoAgri shares[(C)] (83.49%)* through the Company's group companies; and (c) an indirect interest of 20,483,364 shares[(C)] (0.13%)* in SIMP through his controlled corporations other than the Company and an indirect interest of 12,471,746,400 SIMP shares[(C)] (80.46%)* through the Company's group companies.

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

* Approximate percentage of the issued capital of the respective class of shares in the respective associated corporations as at 31 December 2021.

Save for those disclosed above, as at 31 December 2021, none of the Directors and chief executive of the Company had any interests or short positions in respect of shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of Part XV of the SFO, or as otherwise notified to the Company pursuant to the Model Code.

Interests of Substantial Shareholders in the Company

The interests and short positions of substantial shareholders in the shares and underlying shares of the Company as at 31 December 2021 as recorded in the register required to be kept under Section 336 of Part XV of the SFO are set out below:

(a) Salerni International Limited (Salerni), which was incorporated in the British Virgin Islands, was interested in 1,135,245,593 ordinary shares of the Company at 31 December 2021, representing approximately 26.53% of the Company's issued share capital at that date, by way of 502,058,994 ordinary shares of the Company held, representing approximately 11.73% of the Company's issued share capital at that date and also its 100% interest in First Pacific Investments (B.V.I.) Limited (FPIL-BVI). Anthoni Salim, Chairman of the Company, beneficially owns the entire issued share capital of Salerni and, accordingly, is taken to be interested in the shares owned by Salerni.

(b) Asian Capital Finance Limited (ACFL), which was incorporated in the British Virgin Islands, was interested in 790,229,364 ordinary shares of the Company at 31 December 2021, representing approximately 18.47% of the Company's issued share capital at that date, by way of its 59.61% interest in First Pacific Investments Limited (FPIL-Liberia). Anthoni Salim beneficially owns the entire issued share capital of ACFL and, accordingly, is taken to be interested in the shares owned by ACFL.

(c) FPIL-Liberia, which was incorporated in the Republic of Liberia, beneficially owned 790,229,364 ordinary shares at 31 December 2021, representing approximately 18.47% of the Company's issued share capital at that date. FPIL-Liberia is owned by Salerni, ACFL, Anthoni Salim and others in the proportion specified in note (i) of the table on page 96. Anthoni Salim beneficially owns 83.84% of FPIL-Liberia and, accordingly, is taken to be interested in the shares owned by FPIL-Liberia.

(d) FPIL-BVI, which was incorporated in the British Virgin Islands, beneficially owned 633,186,599 ordinary shares at 31 December 2021, representing approximately 14.80% of the Company's issued share capital at that date. Anthoni Salim benefitcially owns the entire issued share capital of FPIL-BVI and, accordingly, is taken to be interested in the shares owned by FPIL-BVI.

(e) Brandes Investment Partners L.P. (Brandes), a United States incorporated company, notified the Company that it held 347,502,767 ordinary shares of the Company as at 30 October 2020, representing approximately 7.99% of the Company's issued share capital at that date. At 31 December 2021, the Company has not received any other notification from Brandes of any change to such holding.

(f) Citigroup Inc. (Citigroup), a United States incorporated company, notified the Company that it held ordinary shares of the Company as follows: 216,951,637 (long position), 364,027 (short position) and 216,593,698 (lending pool) on 10 March 2021, representing approximately 4.99% (long position), 0.00% (short position) and 4.98% (lending pool) of the Company's issued share capital at that date. At 31 December 2021, the Company has not received any other notification from Citigroup of any change to such holding.

(g) Northern Trust Corporation, a United States incorporated company, and its 100% controlled corporation, The Northern Trust Company (ALA), a United States incorporated company (collectively Northern Trust), respectively notified the Company that they held 259,719,541 ordinary shares of the Company (lending pool) on 7 July 2021, representing approximately 6.00% (lending pool) of the Company's issued share capital at that date. At 31 December 2021, the Company has not received any other notification from Northern Trust of any change to such holding.

Other than as disclosed above, as at 31 December 2021 the Company had not been notified of any person who had an interest or short position in the shares or underlying shares of the Company which are required to be recorded in the register required to be kept under Section 336 of Part XV of the SFO.

Transactions, Arrangements or Contracts of Significance

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

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

Directors' Rights to Acquire Shares or Debentures

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

Summary Financial Information

A summary of the published results, assets and liabilities, and various information and financial ratios of the Company and the Group for the last ten financial years, as extracted from the audited Consolidated Financial Statements and restated/reclassified as appropriate, is set out on pages 4 and 5. This summary does not form part of the audited Consolidated Financial Statements.

Major Customers and Suppliers

In 2021, sales to the Group's five largest customers accounted for less than 30% of the total sales for the year, whereas purchases from the Group's five largest suppliers accounted for 26% (2020: 26%) of the total purchases for the year of which purchases from the largest supplier included therein accounted for 10% (2020: 12%) of the total purchases.

Continuing Connected Transactions and Connected Transactions

Continuing connected transactions and connected transactions required to be disclosed in accordance with Chapter 14A of the Listing Rules, are disclosed in the Corporate Governance Report on pages 63 to 75.

Sufficiency of Public Float

Based on information that is publicly available to the Company and within the knowledge of the Directors, at least 25% of the Company's total number of issued shares were held by the public at both 31 December 2021 and the date of this report.

Directors' and Officers' Liability Insurance

During the year, the Company has maintained appropriate Directors' and officers' liability insurance for all Directors and officers of the Company and its related companies, set out in the Corporate Governance Report on page 55, save in those instances where individual companies have maintained their own coverage.

Employment Policy

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

Auditor

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

On behalf of the Board of Directors

Nancy L.M. Li
Company Secretary

Hong Kong
31 March 2022

EY 安永

Independent Auditor's Report

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

Opinion

We have audited the consolidated financial statements of First Pacific Company Limited (the "Company") and its subsidiaries (the "Group") set out on pages 103 to 219, which comprise the consolidated statement of financial position as at 31 December 2021, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for opinion

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

Key audit matters

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

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

Independent Auditor's Report (continued)

Key audit matter	How our audit addressed the key audit matter
Impairment assessment of goodwill allocated to Noodles CGU and concession assets not yet available for use allocated to Toll Roads and Rail CGUs (collectively, the "Intangible Assets")	
The Intangible Assets and their carrying amounts were allocated to the Group's respective cash-generating units ("CGUs") for impairment testing. Impairment was determined by assessing the recoverable amount of the CGU to which each of the Intangible Asset relates and whether the recoverable amount of the CGU was less than the carrying amount. For the year under review, the recoverable amounts of the respective CGUs have been determined based on value-in-use calculations using cash flow projections specific to each CGU and applying discount rates which reflected specific risks relating to the relevant CGUs. The impairment testing of the Intangible Assets required management to make significant assumptions and estimates that would affect the reported amounts of the Intangible Assets and related disclosures in the consolidated financial statements. Related disclosures are included in Notes 3, 14 and 15 to the consolidated financial statements.	We evaluated management's assessment of impairment of the Intangible Assets. Our audit procedures included evaluating the methodologies, assumptions and estimates used by the Group. In particular, for each relevant CGU, we assessed the historical accuracy of the prior years' assumptions and estimates, and obtained an understanding of the current and expected future developments of the Group and its environment. Certain key assumptions, including the discount rate, expected market development and long term growth rates, were assessed with the assistance from our internal valuation experts with relevant expertise and with external information sources. We also evaluated the management's assessment about the reasonably possible change in the relevant key assumptions.
Purchase price allocation of Pinehill Company Limited	
The Group acquired the entire equity interest in Pinehill Company Limited for a total consideration of US$2,998.0 million. Pinehill Company Limited and its subsidiaries are principally engaged in the manufacture and sale of instant noodles. As at the date of acquisition, goodwill of US$3,552.7 million was recognised from the acquisition. The Group performed the purchase price allocation on the fair values of the identifiable assets acquired and liabilities assumed. The purchase price allocation is significant to our audit due to (i) significant judgement involved in the identification of assets and liabilities assumed; and (ii) the determination of the fair values of the identifiable assets acquired and liabilities assumed, including identification of intangible assets, are dependent on a range of estimates including estimated future cash flows, discount rates and economic useful life. Details of the business combination are disclosed in Note 34(H) to the consolidated financial statements.	With the assistance from our internal valuation specialist, we discussed the rationale of the identification of intangible assets with management. Our procedures to evaluate the valuation methodologies and assumptions used in the purchase price allocation included the followings: • We assessed the valuation methodologies adopted for the purpose of determining the fair values of the identifiable assets acquired and liabilities assumed. • We assessed the reasonableness of the key assumptions, used such as estimated future cash flows, discount rates and economic useful life by comparison with external information about other comparable companies. We also assessed the adequacy of disclosures in connection with the business combination.

Independent Auditor's Report (continued)

Other information included in the Annual Report

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

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

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

Responsibilities of the directors for the consolidated financial statements

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

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

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

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

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

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

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

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

Independent Auditor's Report (continued)

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

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

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

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

ERNST & YOUNG
Certified Public Accountants

27/F One Taikoo Place
979 King's Road
Quarry Bay, Hong Kong

31 March 2022

Consolidated Income Statement

For the year ended 31 December US$ millions	Notes	2021	2020
Turnover	4	**9,103.2**	7,130.5
Cost of sales		**(6,275.2)**	(4,822.2)
Gross Profit		**2,828.0**	2,308.3
Selling and distribution expenses		**(704.5)**	(619.0)
Administrative expenses		**(698.6)**	(604.9)
Other operating expenses, net	5(A)	**(274.3)**	(50.5)
Interest income		**43.5**	68.8
Finance costs	5(B)	**(479.2)**	(442.6)
Share of profits less losses of associated companies and joint ventures		**373.9**	280.0
Profit before Taxation from Continuing Operations	5	**1,088.8**	940.1
Taxation	6	**(281.9)**	(341.6)
Profit for the Year from Continuing Operations		**806.9**	598.5
Profit for the year from a discontinued operation	7	**88.8**	69.1
Profit for the Year		**895.7**	667.6
Profit Attributable to:			
Owners of the Parent	8	**333.3**	201.6
Non-controlling Interests		**562.4**	466.0
		895.7	667.6
Profit Attributable to Owners of the Parent arising from:			
Continuing operations		**300.5**	181.1
A discontinued operation		**32.8**	20.5
		333.3	201.6
Earnings Per Share Attributable to Owners of the Parent (U.S. cents)	9		
Basic			
Continuing operations		**6.96**	4.18
A discontinued operation		**0.76**	0.47
		7.72	4.65
Diluted			
Continuing operations		**6.95**	4.17
A discontinued operation		**0.76**	0.47
		7.71	4.64

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

The Notes on pages 109 to 219 form an integral part of the Consolidated Financial Statements.

Consolidated Statement of Comprehensive Income

For the year ended 31 December US$ millions	2021	2020
Profit for the Year	**895.7**	667.6
Other Comprehensive (Loss)/Income		
Items that are or may be Reclassified to Profit or Loss:		
Exchange differences on translating foreign operations	**(434.4)**	318.2
Unrealized gains/(losses) on debt investments at fair value through other comprehensive income	**0.5**	(0.3)
Unrealized gains/(losses) on cash flow hedges	**106.1**	(58.9)
Realized (gains)/losses on cash flow hedges	**(38.3)**	44.5
Income tax related to cash flow hedges	**(7.9)**	0.7
Share of other comprehensive loss of associated companies and joint ventures	**(21.8)**	(47.2)
Reclassification adjustment for foreign operations disposed of during the year	**(10.7)**	–
Items that will not be Reclassified to Profit or Loss:		
Changes in fair value of equity investments at fair value through other comprehensive income	**51.0**	30.2
Actuarial gains on defined benefit pension plans	**61.6**	21.6
Share of other comprehensive income/(loss) of associated companies and joint ventures	**63.9**	(53.4)
Other Comprehensive (Loss)/Income for the Year, Net of Tax	**(230.0)**	255.4
Total Comprehensive Income for the Year	**665.7**	923.0
Income Attributable to:		
Owners of the parent	**273.8**	269.9
Non-controlling interests	**391.9**	653.1
	665.7	923.0

Consolidated Statement of Financial Position

US$ millions	Notes	At 31 December 2021	At 31 December 2020
Non-current Assets			
Property, plant and equipment	11	**3,953.0**	4,038.1
Biological assets	12	**23.0**	22.2
Associated companies and joint ventures	13	**5,266.2**	5,314.4
Goodwill	14	**4,299.0**	4,366.3
Other intangible assets	15	**6,040.6**	5,927.3
Investment properties	16	**11.1**	9.3
Accounts receivable, other receivables and prepayments	17	**55.5**	63.9
Financial assets at fair value through other comprehensive income	18	**361.1**	426.0
Deferred tax assets	19	**87.0**	110.1
Other non-current assets	21	**663.0**	687.5
		20,759.5	20,965.1
Current Assets			
Cash and cash equivalents and short-term deposits	22	**3,209.3**	2,377.8
Restricted cash	20	**53.6**	50.2
Financial assets at fair value through other comprehensive income	18	**205.0**	3.3
Accounts receivable, other receivables and prepayments	17	**1,327.8**	1,073.9
Inventories	23	**950.1**	835.6
Biological assets	12	**61.4**	55.7
		5,807.2	4,396.5
Assets classified as held for sale	24	**–**	1,582.0
		5,807.2	5,978.5
Current Liabilities			
Accounts payable, other payables and accruals	25	**1,660.9**	1,552.8
Short-term borrowings	26	**1,645.7**	1,659.7
Provision for taxation	27	**147.9**	180.6
Current portion of deferred liabilities, provisions and payables	28	**1,170.3**	593.9
		4,624.8	3,987.0
Liabilities directly associated with the assets classified as held for sale	24	**–**	843.8
		4,624.8	4,830.8
Net Current Assets		**1,182.4**	1,147.7
Total Assets Less Current Liabilities		**21,941.9**	22,112.8
Equity			
Issued share capital	29	**42.8**	43.4
Shares held for share award scheme	30	**(2.0)**	(2.4)
Retained earnings		**1,936.4**	1,604.4
Other components of equity	31	**1,321.4**	1,494.6
Equity attributable to owners of the parent		**3,298.6**	3,140.0
Non-controlling interests	32	**7,314.5**	7,488.5
Total Equity		**10,613.1**	10,628.5
Non-current Liabilities			
Long-term borrowings	26	**9,482.7**	8,973.9
Deferred liabilities, provisions and payables	28	**1,469.3**	2,111.3
Deferred tax liabilities	19	**376.8**	399.1
		11,328.8	11,484.3
		21,941.9	22,112.8

The Notes on pages 109 to 219 form an integral part of the Consolidated Financial Statements.

On behalf of the Board of Directors

MANUEL V. PANGILINAN
Managing Director and Chief Executive Officer

CHRISTOPHER H. YOUNG
Executive Director and Chief Financial Officer

31 March 2022

Consolidated Statement of Changes in Equity

US$ millions	Notes	Issued share capital	Shares held for share award scheme	Share premium	Employee share-based compensation reserve	Other comprehensive (loss)/income (Note 33)	Differences arising from changes in equities of subsidiary companies	Reserves for assets classified as held for sale	Capital and other reserves	Contributed surplus	Retained earnings	Total	Non-controlling interests	Total equity
		Equity attributable to owners of the parent												
At 1 January 2020		43.4	(3.2)	63.1	10.9	(716.1)	417.6	–	12.6	1,699.0	1,401.4	2,928.7	5,829.3	8,758.0
Profit for the year		–	–	–	–	–	–	–	–	–	201.6	201.6	466.0	667.6
Other comprehensive income for the year		–	–	–	–	68.3	–	–	–	–	–	68.3	187.1	255.4
Total comprehensive income for the year		–	–	–	–	68.3	–	–	–	–	201.6	269.9	653.1	923.0
Purchase of shares under share award scheme	30	–	(1.0)	–	–	–	–	–	–	–	–	(1.0)	–	(1.0)
Shares vested under share award scheme	30	–	1.8	–	(1.7)	–	–	–	–	–	(0.1)	–	–	–
Lapse of share options		–	–	–	(1.4)	–	–	–	–	–	1.4	–	–	–
Employee share-based compensation benefits		–	–	–	1.5	–	–	–	–	–	–	1.5	0.8	2.3
Attributable to a discontinued operation	7(D)	–	–	–	–	(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		–	–	–	–	–	–	–	–	(39.2)	–	(39.2)	–	(39.2)
2020 interim distribution paid	10	–	–	–	–	–	–	–	–	(39.2)	–	(39.2)	–	(39.2)
Acquisition of a subsidiary company	34(H)	–	–	–	–	–	–	–	–	–	–	–	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
At 1 January 2021		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**
Profit for the year		–	–	–	–	–	–	–	–	–	333.3	333.3	562.4	**895.7**
Other comprehensive loss for the year		–	–	–	–	(57.1)	–	(2.4)	–	–	–	(59.5)	(170.5)	**(230.0)**
Total comprehensive (loss)/income for the year		–	–	–	–	(57.1)	–	(2.4)	–	–	333.3	273.8	391.9	**665.7**
Repurchase of shares	29	(0.6)	–	(23.2)	–	–	–	–	–	–	–	(23.8)	–	**(23.8)**
Purchase of shares under share award scheme	30	–	(1.3)	–	–	–	–	–	–	–	–	(1.3)	–	**(1.3)**
Shares vested under share award scheme	30	–	1.7	–	(1.7)	–	–	–	–	–	–	–	–	**–**
Employee share-based compensation benefits		–	–	–	1.2	–	–	–	–	–	–	1.2	0.2	**1.4**
Acquisition of interests in subsidiary companies		–	–	–	–	(3.4)	7.7	–	–	–	–	4.3	(27.8)	**(23.5)**
Deconsolidation of a discontinued operation	7(A)	–	–	–	–	–	–	–	–	–	–	–	(348.5)	**(348.5)**
Recognition of a financial liability on non-controlling interests put option		–	–	–	–	–	(3.9)	–	–	–	–	(3.9)	(2.6)	**(6.5)**
2020 final distribution paid	10	–	–	–	–	–	–	–	–	(41.8)	–	(41.8)	–	**(41.8)**
2021 interim distribution paid	10	–	–	–	–	–	–	–	–	(49.9)	–	(49.9)	–	**(49.9)**
Capital contributions from non-controlling shareholders		–	–	–	–	–	–	–	–	–	–	–	102.8	**102.8**
Transfer to retained earnings		–	–	–	–	–	–	1.3	–	–	(1.3)	–	–	**–**
Dividends declared to non-controlling shareholders		–	–	–	–	–	–	–	–	–	–	–	(290.0)	**(290.0)**
At 31 December 2021		**42.8**	**(2.0)**	**39.9**	**8.8**	**(712.3)**	**443.5**	**–**	**12.6**	**1,528.9**	**1,936.4**	**3,298.6**	**7,314.5**	**10,613.1**

The Notes on pages 109 to 219 form an integral part of the Consolidated Financial Statements.

Consolidated Statement of Cash Flows

For the year ended 31 December US$ millions	Notes	2021	2020
Profit Before Taxation			
From continuing operations		**1,088.8**	940.1
From a discontinued operation	7(B)	**84.6**	89.1
Adjustments for:			
Finance costs		**488.4**	478.0
Depreciation		**349.2**	422.7
Provisions for impairment losses		**268.8**	126.7
Amortization of other intangible assets		**138.4**	130.2
Loss on disposal of property, plant and equipment, net	5(A)	**9.9**	32.7
Write-down of inventories to net realizable value, net	5(C)	**7.0**	13.0
Employee share-based compensation benefit expenses	36(A)	**1.5**	3.0
Share of profits less losses of associated companies and joint ventures		**(377.0)**	(298.8)
Gain on deconsolidation of a discontinued operation	7(A)	**(65.2)**	–
Interest income		**(43.6)**	(71.6)
Gain on disposal of an associated company	5(A)	**(21.7)**	–
Dividend income from financial assets at fair value through other comprehensive income	5(A)	**(13.1)**	(5.4)
Reversal of provision for onerous contracts, net	5(C)	**(8.4)**	(13.2)
Gain on changes in fair value of biological assets	5(A)	**(7.9)**	(0.2)
Others		**2.8**	3.5
		1,902.5	1,849.8
Increase in accounts receivable, other receivables and prepayments		**(179.3)**	(125.5)
Increase in inventories		**(113.4)**	(48.8)
Increase/(decrease) in accounts payable, other payables and accruals		**323.6**	(2.2)
Net cash generated from operations		**1,933.4**	1,673.3
Interest received		**37.1**	75.8
Interest paid		**(405.0)**	(426.7)
Taxes paid		**(319.6)**	(285.8)
Net Cash Flows From Operating Activities		**1,245.9**	1,036.6

continued/...

Consolidated Statement of Cash Flows (continued)

For the year ended 31 December US$ millions	Notes	2021	2020
Dividends received from associated companies		**230.3**	257.1
Deconsolidation of a discontinued operation	34(A)	**209.7**	–
Disposal of an associated company	34(B)	**145.2**	–
Decrease in short-term deposits with original maturity of more than three months		**68.9**	26.9
Dividends received from financial assets at fair value through other comprehensive income		**13.1**	5.4
Disposal of property, plant and equipment	34(C)	**5.0**	104.5
Decrease in restricted cash		**4.0**	13.1
Investments in other intangible assets		**(730.9)**	(689.6)
Payments for purchases of property, plant and equipment		**(360.1)**	(362.7)
Investment in a joint venture	34(D)	**(144.2)**	–
Acquisition of financial assets at fair value through other comprehensive income		**(80.3)**	(353.1)
Instalment payment for acquisition of a subsidiary company	34(E)	**(49.6)**	(49.5)
Advances to joint ventures		**(18.2)**	–
Investments in biological assets		**(13.3)**	(13.3)
Increased investments in associated companies		**(5.4)**	(8.0)
Increased investments in joint ventures	34(F)	**(4.7)**	(66.6)
Disposal of financial assets at fair value through other comprehensive income		**–**	358.2
Instalment payments received for disposal of a subsidiary company	34(G)	**–**	80.9
Disposal of investment properties		**–**	3.9
Acquisition of subsidiary companies	34(H)	**–**	(2,255.1)
Net Cash Flows Used in Investing Activities		**(730.5)**	(2,947.9)
Proceeds from new bank borrowings and other loans	34(I)	**5,941.2**	6,017.2
Capital contributions from non-controlling shareholders		**35.1**	16.8
Loans from non-controlling shareholders	34(I)	**7.2**	0.4
Divestments of interests in subsidiary companies	34(J)	**–**	94.0
Repayment of bank borrowings and other loans	34(I)	**(5,140.5)**	(4,007.2)
Dividends paid to non-controlling shareholders by subsidiary companies	34(I)	**(287.4)**	(251.2)
Distributions paid to shareholders	34(I)	**(91.7)**	(78.4)
Repurchase of a subsidiary company's shares	34(K)	**(46.3)**	(69.2)
Increased investments in subsidiary companies	34(L)	**(35.4)**	(5.1)
Principal portion of lease payments	34(I)	**(35.2)**	(34.1)
Repurchase of shares		**(23.8)**	–
Payments for concession fees payable	34(I)	**(16.2)**	(117.2)
Payments for purchase of shares under a long-term incentive plan		**(1.6)**	(0.6)
Net Cash Flows From Financing Activities		**305.4**	1,565.4
Net Increase/(Decrease) in Cash and Cash Equivalents		**820.8**	(345.9)
Cash and cash equivalents at 1 January		**2,363.2**	2,650.8
Exchange translation		**(67.1)**	58.3
Cash and Cash Equivalents at 31 December		**3,116.9**	2,363.2
Representing			
Cash and cash equivalents and short-term deposits as stated in the consolidated statement of financial position	22	**3,209.3**	2,377.8
Add: cash and cash equivalents attributable to a discontinued operation	7(D)	**–**	138.6
Less: bank overdrafts		**–**	(0.5)
Less: short-term deposits with original maturity of more than three months		**(92.4)**	(152.7)
Cash and Cash Equivalents at 31 December		**3,116.9**	2,363.2

The Notes on pages 109 to 219 form an integral part of the Consolidated Financial Statements.

1. Corporate and Group Information

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

The Company is a limited liability company incorporated in Bermuda. As at 31 December 2021, the address of its registered office is Clarendon House, 2 Church Street, Hamilton HM11, Bermuda.

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

The Group comprises the Company and its subsidiary companies. Details of the principal subsidiary companies of the Company which, in the opinion of the Directors, materially affect the results or net assets of the Group, are set out on pages 223 and 224.

2. Basis of Preparation and Summary of Principal Accounting Policies

(A) Basis of Preparation

The Consolidated Financial Statements have been prepared in accordance with HKFRSs (which include all HKFRSs, HKASs and HK(IFRIC)-Ints) issued by the HKICPA, Hong Kong GAAP and the disclosure requirements of the Hong Kong Companies Ordinance. The Consolidated Financial Statements also comply with the applicable disclosure provisions of the Listing Rules. The Consolidated Financial Statements have been prepared on a historical cost basis, except for biological assets, investment properties, financial assets at fair value through other comprehensive income ("FVOCI"), contingent consideration, derivative financial instruments and pension scheme assets which, as disclosed in the accounting policies below, are stated at fair value. Assets classified as held for sale are stated at the lower of their carrying amounts and fair values less costs to sell. These Consolidated Financial Statements are presented in U.S. dollar and all values are rounded to the nearest million ("US$ millions") with one decimal place except when otherwise indicated.

(B) Amendments Adopted by the Group

During 2021, the Group has initially adopted the following revised HKFRSs (which include all HKFRSs, HKASs and HK(IFRIC)-Ints) effective for annual periods commencing on or after 1 January 2021 issued by the HKICPA.

HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16 Amendments	"Interest Rate Benchmark Reform – Phase 2"

The Group applied HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16 Amendments "Interest Rate Benchmark Reform – Phase 2" ("the IRBR Phase 2 amendments") retrospectively. However, in accordance with exceptions permitted in the IRBR Phase 2 amendments, the Group has elected not to restate the comparative information with the cumulative effect of initial adoption as an adjustment to the opening balance of equity at 1 January 2021, if any.

The IRBR Phase 2 amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate ("IBOR") is replaced with an alternative nearly risk-free interest rate ("RFR").

The IRBR Phase 2 amendments include the following practical expedients:

(i) a practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest;

(ii) permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued; and

(iii) provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component.

At 31 December 2021, the Group had certain interest-bearing borrowings denominated in the United States dollars and foreign currencies based on the London Interbank Offered Rate ("LIBOR") and various IBOR, respectively. In addition, the Group currently has applied cash flow hedge to manage the cash flow interest rate risk of bank borrowings, denominated in the United States dollars based on LIBOR, by using interest rate swaps. Since these IBORs had not been replaced up to the reporting date, the amendments have no significant impact on the Consolidated Financial Statements. The Group will apply the above-mentioned practical expedients in the future periods when they become applicable and expects that no significant modification gain or loss will arise as a result of applying the amendments. While uncertainty persists in the timing or amount of the interest rate benchmark-based cash flows of the hedged item or hedging instrument, the Group continues to apply the existing accounting policies.

In November 2021, the Group has amended its Japanese Yen LIBOR linked bank loans of US$21.0 million to reference to Tokyo Interbank Offered Rate ("TIBOR"), as Japanese Yen LIBOR losses its representativeness after 31 December 2021, with no material impact to the Consolidated Financial Statements. Hence, the Group's Japanese Yen denominated bank loans no longer exposed to interest rate benchmark reform as TIBOR will continue to publish alongside with Japanese Yen alternative RFR.

The carrying amounts of the Group's non-derivative liabilities and derivative assets, net at 31 December 2021 that have yet to transition to an alternative RFR are summarized as follows:

US$ millions	**2021**
Non-derivative liabilities	
Bank loans - US$ LIBOR	**1,162.3**
- S$ Swap Offer Rate	**459.8**
	1,622.1
Derivative assets, net	
Interest rate swaps - US$ LIBOR	**0.3**

In addition, the Group has elected to early adopt HKFRS 16 Amendment "COVID-19-Related Rent Concessions beyond 30 June 2021" with effect from 1 January 2021. The amendment extends the availability of the practical expedient in paragraph 46A of HKFRS 16 "Leases" so that it applies to COVID-19-related rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met. The amendment has no significant impact on the Consolidated Financial Statements.

(C) Issued But Not Yet Effective HKFRSs

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

HKAS 1 Amendments	"Classification of Liabilities as Current or Non-current"[ii]
HKAS 1 and HKFRS Practice Statement 2 Amendments	"Disclosure of Accounting Policies"[ii]
HKAS 8 Amendments	"Definition of Accounting Estimates"[ii]
HKAS 12 Amendments	"Deferred Tax related to Assets and Liabilities arising from a Single Transaction"[ii]
HKAS 16 Amendments	"Property, Plant and Equipment: Proceeds before Intended Use"[i]
HKAS 37 Amendments	"Onerous Contracts – Cost of Fulfilling a Contract"[i]
HKFRS 3 Amendments	"Reference to the Conceptual Framework"[i]
HKFRS 10 and HKAS 28 (2011) Amendments	"Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"[iii]
HKFRS 17	"Insurance Contracts"[ii]
HKFRS 17 Amendments	"Insurance Contracts"[ii]
Improvements to HKFRSs	Annual Improvements to HKFRSs 2018 – 2020 Cycle[i]

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

Further information about these HKFRSs is as follows:

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

HKAS 1 Amendments "Disclosure of Accounting Policies" require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. HKFRS Practice Statement 2 Amendments provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. HKAS 1 Amendments are effective for annual periods beginning on or after 1 January 2023 and earlier application is permitted. Since the guidance provided in HKFRS Practice Statement 2 Amendments is non-mandatory, an effective date for these amendments is not necessary.

HKAS 8 Amendments clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. The amendments are effective for annual periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted.

HKAS 12 Amendments narrow the scope of the initial recognition exception so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognize a deferred tax asset and a deferred tax liability for temporary differences arising from these transactions. The amendments are effective for annual periods beginning on or after 1 January 2023 and shall be applied to transactions related to leases and decommissioning obligations at the beginning of the earliest comparative period presented, with any cumulative effect recognized as an adjustment to the opening balance of retained profits or other component of equity as appropriate at that date. In addition, the amendments shall be applied prospectively to transactions other than leases and decommissioning obligations. Earlier application is permitted.

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

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

HKFRS 3 Amendments are intended to replace a reference to the previous "Framework for the Preparation and Presentation of Financial Statements" with a reference to the "Conceptual Framework for Financial Reporting" issued in June 2018 without significantly changing its requirements. The amendments also add to HKFRS 3 "Business Combinations" an exception to its recognition principle for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for liabilities and contingent liabilities that would be within the scope of HKAS 37 or HK(IFRIC)-Int 21 "Levies" if they were incurred separately rather than assumed in a business combination, an entity applying HKFRS 3 should refer to HKAS 37 or HK(IFRIC)-Int 21 respectively instead of the Conceptual Framework. Furthermore, the amendments clarify that contingent assets do not qualify for recognition at the acquisition date. The amendments are effective for annual periods beginning on or after 1 January 2022 and shall be applied prospectively. Since the amendments apply prospectively to business combinations for which the acquisition date is on or after the date of first application, the Group will not be affected by these amendments on the date of transition.

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

HKFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, HKFRS 17 will replace the existing HKFRS 4 "Insurance Contracts". The overall objective of the standard is to provide an accounting model for insurance contracts that is more useful and consistent for insurers.

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

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

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

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

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

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

HKFRS 16 "Leases" amendment removes the illustration of payments from the lessor relating to leasehold improvements in Illustrative Example 13 accompanying HKFRS 16. This removes potential confusion regarding the treatment of lease incentives when applying HKFRS 16.

The Group has not early adopted the above new and revised HKFRSs for the year ended 31 December 2021. Based on the Group's assessment completed to date, these new and revised HKFRSs are not expected to have a significant impact on the results of operations and financial position and presentation of the Consolidated Financial Statements.

(D) Summary of Principal Accounting Policies

(a) Basis of consolidation

(I) Basis of consolidation

The Consolidated Financial Statements for the year ended 31 December 2021 comprise the Company and its subsidiary companies (together referred to as the "Group") and the Group's interests in associated companies and joint ventures.

A subsidiary company is an entity, directly or indirectly, controlled by the Company. Control exists when the Company has exposure, or rights, to variable returns from its involvement with the entity and the ability to use its power over the entity to affect the amount of those returns. When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including: (i) the contractual arrangement with the other vote holders of the investee, (ii) rights arising from other contractual arrangements, (iii) the Group's voting rights and potential voting rights and (iv) other factors which enable the Company to direct the relevant activities of the investee unilaterally, such as the existence of control, through majority representatives appointed, over the board of directors of the investee by the Company. Potential voting rights that are substantive (i.e., practically exercisable by the Company considering all facts and circumstances), where applicable to certain Philippine affiliates of the Company, are taken into account in determining whether an entity should be consolidated. The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes in the elements of control described above.

The results of subsidiary companies are included in the consolidated income statement from the effective date of acquisition, being the date on which the Group obtains control, or up to the effective date of disposal, as appropriate. Adjustments are made to bring into line any dissimilar accounting policies that may exist. All significant intra-group transactions and balances within the Group are eliminated on consolidation. Total comprehensive losses are attributed to the non-controlling interests even if it results in a deficit balance. Non-controlling interests represent the interests of non-controlling shareholders not held by the Group in the results and net position of the Company's subsidiary companies.

A change in the ownership interest of a subsidiary company, without a change of control, is accounted for as an equity transaction. For an unexercised put option held by a non-controlling shareholder of the Group's subsidiary company, which allows the non-controlling shareholder to sell all of its interest in the Group's subsidiary company to the Group under certain specific circumstances, the Group continues to recognize the non-controlling interest, including an update to reflect allocations of profit or loss, allocation of changes in other comprehensive income and dividends declared for the reporting period, as required by HKFRS 10 "Consolidated Financial Statements". However, the carrying amount of the non-controlling interest is derecognized at the end of each reporting period and the difference between the derecognized non-controlling interest and changes in measurement of a financial liability recognized in relation to the put option is recorded in equity as an equity transaction. See Note (I) for details of the accounting policies in relation to the financial liability recognized in relation to the put option.

If the Group loses control over a subsidiary company, it (i) derecognizes the assets (including goodwill) and liabilities of the former subsidiary company at their carrying amounts, (ii) derecognizes the carrying amount of any non-controlling interests in the former subsidiary company, (iii) derecognizes the components of other comprehensive income (e.g., cumulative exchange reserve) recorded in equity attributable to the former subsidiary company, (iv) recognizes the fair value of the consideration received, (v) recognizes the fair value of any investment in the former subsidiary company retained, (vi) recognizes any resulting difference as a gain or loss on disposal in profit or loss, (vii) reclassifies the parent's share of components of the former subsidiary company previously recognized in other comprehensive income (except revaluation reserve) to profit or loss, (viii) transfers the parent's share of the former subsidiary company's revaluation reserve previously recognized in other comprehensive income directly to retained earnings and (ix) transfers the related differences arising from changes in shareholdings of subsidiary companies without a change of control previously recognized as other reserves directly to retained earnings.

(II) Business combinations and goodwill

Business combinations are accounted for using the acquisition method. This method involves allocating the consideration transferred to the vendor to the fair value of the identifiable assets acquired, and liabilities and contingent liabilities assumed at the date of acquisition. The consideration transferred is measured at the aggregate of the fair value of the assets given, equity instruments issued, and liabilities incurred or assumed at the date of exchange. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree (that are present ownership interests and entitle their holders to a proportionate share of the net assets in the event of liquidation) at the non-controlling interests' proportionate share of the acquiree's net identifiable assets or at fair value. All acquisition-related costs are recognized as expenses in profit or loss.

The Group determines that it has acquired a business when the acquired set of activities and assets includes an input and a substantive process that together significantly contribute to the ability to create outputs.

For step acquisitions, the Group's previously held equity interests are remeasured at its acquisition date fair value and any resulting gain or loss is recognized in profit or loss. Contingent consideration is recognized at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognized in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the fair value of the consideration transferred, the amount of any non-controlling interest in the acquiree and any fair value of the Group's previously held equity interest in the acquiree over the net fair value of the identifiable assets acquired, liabilities and contingent liabilities assumed. If the sum of this consideration and other items is lower than the net fair value of the identifiable assets acquired, liabilities and contingent liabilities assumed, the difference is, after reassessment, recognized in profit or loss as a gain on bargain purchase. In the case of associated companies and joint ventures, goodwill is included in the carrying amount thereof, rather than as a separately identified asset in the consolidated statement of financial position.

If the initial accounting for business combination can be determined only provisionally by the end of the period in which the combination is effected because the fair values to be assigned to the acquiree's identifiable assets and liabilities can be determined only provisionally, the Group accounts for the combination using provisional amounts. During the measurement period, which is not longer than one year from the acquisition date, the provisional amounts recognized at acquisition date are retrospectively adjusted to reflect new information obtained about facts and circumstances that existed as of the acquisition date and, if known, would have affected the measurement of the amounts recognized as of that date. Goodwill or any gain recognized shall be adjusted from the acquisition date by an amount equal to the adjustment to the fair value at the acquisition date of the identifiable assets, liabilities or contingent liabilities being recognized or adjusted.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units ("CGU"), or group of CGUs, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or group of units. Impairment is determined by assessing the recoverable amount of the CGU (group of CGUs) to which the goodwill relates. Where the recoverable amount of the CGU (group of CGUs) is less than the carrying amount, an impairment loss is recognized. An impairment loss recognized for goodwill is not reversed in a subsequent period.

For business combinations involving entities or businesses under common control (a business combination in which all of the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory), they are accounted for applying the principles of merger accounting which is consistent with Accounting Guideline 5 "Merger Accounting for Common Control Combinations" issued by the Hong Kong Institute of Certified Public Accountants. The method requires the combined entity to recognize the assets, liabilities and equity of the combining entities or businesses at the carrying amounts (i.e., existing book values from the controlling parties' perspective) in the Consolidated Financial Statements of the controlling party or parties prior to the common control combination. There is no recognition of any goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost at the time of the common control combination to the extent of the controlling party's or parties' interests.

Where goodwill has been allocated to a CGU (group of CGUs) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the CGU retained.

(b) Property, plant and equipment

(I) Freehold land and other property, plant and equipment

Freehold land is stated at cost and is not depreciated. Other property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses, calculated on the straight-line basis at annual rates estimated to write off their book values to residual values (if any) over their expected useful lives. Details of depreciation rates are given as follows:

The principal annual rates of depreciation:

Freehold land	Nil
Buildings	2.5% to 20.0%
Machinery, equipment and vessels	3.3% to 50.0%
Construction in progress	Nil

When an item of property, plant and equipment is classified as held for sale or when it is part of a disposal group classified as held for sale, it is not depreciated and measured at the lower of its carrying amount and fair value less costs to sell.

The initial cost of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Cost also includes asset retirement obligations, interest on borrowed funds used during the construction period and qualified finance costs from foreign exchange losses related to foreign currency denominated liabilities used to acquire such assets. Major costs incurred in restoring property, plant and equipment to their normal working condition are normally charged to the consolidated income statement. Where the recognition criteria are satisfied, improvements are capitalized and depreciated over their expected useful lives to the Group. When assets are sold or retired, their costs and accumulated depreciation, amortization and impairment losses, if any, are eliminated from the accounts and any gain or loss resulting from their disposal is included in the consolidated income statement.

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values (if any), useful lives and the depreciation method are reviewed periodically to ensure that the periods and method of depreciation are consistent with the expected pattern of economic benefits from items of property, plant and equipment.

Construction in progress is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction and capitalized finance and other costs incurred in connection with the borrowing of funds, including exchange differences arising from foreign currency borrowings, during the period of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

(II) Bearer plants

Bearer plants are living plants used in the production or supply of agricultural produce. They are expected to bear produce for more than one period and have a remote likelihood of being sold as agricultural produce, except for incidental scrap sales.

The Group's bearer plants comprise oil palm, rubber and sugar cane plantations. The Group elects to account for its bearer plants using the cost model under HKAS 16 "Property, Plant and Equipment". Immature bearer plants are accounted for at accumulated cost, which consist mainly of the accumulated cost of land clearing, planting, fertilizing, up-keeping and maintaining the plantations, and allocations of indirect overhead costs up to the time the plants become commercially productive and available for harvest. Costs also include capitalized borrowing costs and other charges incurred in connection with the financing of the development of immature bearer plants. Immature bearer plants are not depreciated.

Immature bearer plants are reclassified to mature bearer plants when they are commercially productive and available for harvest. In general, an oil palm plantation takes about three to four years to reach maturity from the time of planting the seedlings, while a rubber plantation takes about five to six years to reach maturity. A sugar cane plantation takes about a year to reach maturity and can be harvested for an average of three times after the initial harvest.

Mature bearer plants are stated at cost, and are depreciated using the straight-line method over their estimated useful lives of 25 years for oil palm plantations and rubber plantations, and four years for sugar cane plantations. The useful lives and depreciation method are reviewed at each year end and adjusted prospectively, if necessary.

The carrying amounts of bearer plants are reviewed for impairment when events or changes in circumstances indicate that the carrying values may not be fully recoverable.

The carrying amount of an item of bearer plants is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising from derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is directly included in the profit or loss when the item is derecognized.

Upkeep and maintenance costs are recognized in the profit or loss when they are incurred. The cost of major renovation and restoration is included in the carrying amount of the related asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Group, and is depreciated over the remaining useful life of the related asset.

(c) Asset retirement obligations

The net present value of legal obligations associated with the retirement of an item of property, plant and equipment that resulted from the acquisition, construction or development of property, plant and equipment is recognized in the period in which the obligations arise. The obligations are reviewed and adjusted, if appropriate, at the end of each reporting period.

(d) Biological assets

The Group's biological assets comprise timber plantations and agricultural produce of the bearer plants, which primarily comprise fresh fruit bunches, oil palm seeds, rubber and sugar cane.

The Group recognizes the fair value of biological assets in accordance with HKAS 41. Biological assets are stated at fair value less costs to sell. Gains or losses arising on initial recognition of biological assets and from the change in fair value of biological assets at each reporting date are recognized in the profit or loss for the period in which they arise.

The Group adopts the income approach to measure the fair value of the biological assets. For the valuation of unharvested produce of oil palm and rubber plantations, the Group has applied the actual harvest data subsequent to the year end to derive the fair value. For the valuation of sugar cane and oil palm seeds, the Group has applied discounted cash flow models to derive the fair value.

For timber plantations, the Group appoints an independent valuer to determine the fair value of timber trees at the year end and any resultant gains or losses arising from the changes in fair values are recognized in the profit or loss. The independent valuer adopts the income approach for the valuation of timber trees using a discounted cash flow model.

(e) Associated companies and joint ventures

An associated company is an entity in which the Group has a long-term interest of generally not less than 20% of the equity voting rights and over it is in a position to exercise significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

Investments in associated companies and joint ventures are accounted for in the Consolidated Financial Statements under the equity method, less any impairment losses. Adjustments are made to bring into line any dissimilar accounting policies that may exist. The Group's investments in associated companies and joint ventures include goodwill (net of any accumulated impairment losses) identified on acquisition. The Group's share of its associated companies' and joint ventures' post-acquisition profits and losses is recognized in the consolidated income statement as the Group's share of profits less losses of associated companies and joint ventures, and its share of post-acquisition other comprehensive income is recognized in the Group's consolidated other comprehensive income and when applicable in the consolidated statement of changes in equity. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment.

Unrealized gains and losses resulting from transactions between the Group and its associated companies or joint ventures are eliminated to the extent of the Group's investments in the associated companies or joint ventures, except where unrealized losses provide evidence of an impairment of the assets transferred.

Equity accounting is discontinued when the Group's interest in an associated company or a joint venture reaches zero, unless the Group has incurred obligations or guaranteed obligations in respect of the associated company or joint venture. For this purpose, the Group's interest is the carrying amount of the investment under the equity method, together with any other long-term interests that in substance form part of the Group's net investment in the associated company or the joint venture (after applying the expected credit loss ("ECL") model to such other long-term interests when applicable (see Note (k)(IV)).

After application of the equity method, the Group determines whether it is necessary to recognize an impairment loss on its investments in associated companies and joint ventures. At each reporting date, the Group determines whether there is objective evidence that the investment in an associated company or a joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associated company or joint venture and its carrying value, and then recognizes the loss in the consolidated income statement.

If an investment in an associated company becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other cases, when the Group discontinues the use of the equity method from the date when it ceases to have significant influence over an associated company or joint control over a joint venture, the Group measures at fair value any investment that the Group retains in the former associated company or joint venture. The Group recognizes in the consolidated income statement any difference between (i) the fair value of any retained investment and any proceeds from disposing of part of the interest in the associated company or joint venture and (ii) the carrying amount of the investment at the date when significant influence or joint control is lost.

(f) Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. Additions of service concession assets subsequent to business combinations are initially measured at present value of any additional estimated future concession fee payments pursuant to the concession agreements and/or the costs of rehabilitation works incurred or additional constructions. Service concession assets acquired other than through business combinations include capitalized upfront payments and expenditures directly attributable to the acquisition of the service concession. Payments to the governments over the concession period are capitalized at their present value using the incremental borrowing rate determined at inception date and are included as part of the initial recognition of the service concession asset with a corresponding liability recognized as service concession fee payable. Borrowing cost in relation to service concession assets that are considered as qualifying assets forms part of the cost of the service concession asset. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment loss. The useful lives of intangible assets are assessed to be either finite or indefinite.

Intangible assets with finite useful lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the intangible assets are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

The Group’s concession assets represent the fair value of concessions of rights granted by governments to charge users for public services provided. The Group’s concession assets for the water distribution business are amortized using either the unit of production method or the straight-line method over the term of the concessions. The Group’s concession assets for the toll road business are amortized using the unit of production method over the term of the concessions. The Group’s brands represent the brands for its various milk related products and are amortized using the straight-line method over their estimated useful lives. The Group’s customer list and licenses for the wastewater and sewage treatment business are amortized using the straight-line method over their estimated useful lives. The Group’s vesting contract is a commitment to produce a specified quantity of electricity at a specified price, limiting the Group’s exposure to volatility in the electricity prices, providing certainty on cost recovery for a portion of the electricity generated. The vesting contract is amortized using the straight-line method. The Group’s software is amortized using the straight-line method over its estimated useful life.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, or whenever there is an indication that the intangible asset may be impaired. The assessment of indefinite useful life is reviewed annually to determine whether the indefinite useful life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis from the date of change. The Group's intangible assets with indefinite useful lives mainly consist of the registered brand name, distribution and customer networks and water licenses of its packaged drinking water business, for which (i) the brand name and licenses can be renewed indefinitely at no significant costs; (ii) the Group has the intention to renew the brand name and maintain the licenses and the networks indefinitely; and (iii) the Group does not expect to incur significant expenses to maintain the future economic benefits that can be generated from these assets.

Intangible assets not yet available for use are tested for impairment annually or more frequently when events or changes in circumstances indicate that the carrying values may be impaired. The intangible assets not yet available for use mainly relate to concession agreements signed with the relevant government authorities as regards to the building and operation of water, toll roads and rail businesses for which constructions have not been completed.

(g) Investment properties

Investment properties are interests in land and buildings (including the leasehold property held as a right-of-use asset) held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the end of each reporting period.

Gains or losses arising from changes in the fair values of investment properties are included in the consolidated income statement in the period in which they arise.

Any gains or losses on the retirement or disposal of an investment property are recognized in the consolidated income statement in the period of the retirement or disposal.

Transfers are made to (or from) investment properties only when there is a change in use. For a transfer from an investment property to an owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If an owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment for owned property and/or accounts for such property in accordance with the policy stated under right-of-use assets for leased property up to the date of change in use.

(h) Fair value measurement

The Group measures its biological assets, investment properties, financial assets at FVOCI, contingent consideration, derivative financial instruments and pension scheme assets at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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

(i) Impairment of non-financial assets

An assessment is made at the end of each reporting period as to whether there is an indication of impairment of assets including property, plant and equipment, other intangible assets and other non-current assets, or whether there is an indication that an impairment loss previously recognized for an asset may no longer exist or may have decreased. If such an indication exists, or when annual impairment testing for an asset is required, the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's fair value less costs of disposal and value in use, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets, in which case the recoverable amount is determined for the CGU to which the asset belongs.

An impairment loss is recognized only if the carrying amount of an asset exceeds its recoverable amount. An impairment loss is charged to the consolidated income statement in the period in which it arises.

A previously recognized impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset. However, this is limited and will not give rise to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortization), had no impairment loss been recognized for the asset in prior years.

A reversal of such an impairment loss is credited to the consolidated income statement in the period in which it arises.

(j) Cash and cash equivalents, short-term deposits and restricted cash

For the purpose of the consolidated statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, which are not restricted as to use, whereas short-term deposits are highly liquid money market placements with maturities of more than three months but less than one year from the dates of acquisition. Cash restricted as to use represents cash which is restricted from being exchanged or used to settle a liability.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short-term highly liquid investments which are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

(k) Financial assets

(I) Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, FVOCI and fair value through profit or loss ("FVPL").

The classification of financial assets at initial recognition depends on the financial assets' contractual cash flow characteristics and the Group's business model for managing them. With the exception of accounts receivable that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value, plus in the case of a financial asset not at FVPL, transaction costs. Accounts receivable that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under HKFRS 15 in accordance with the policies set out for "Turnover and revenue recognition" below.

In order for a financial asset to be classified and measured at amortized cost or FVOCI, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at FVPL, irrespective of the business model. Financial assets classified and measured at amortized cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at FVOCI are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at FVPL.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

All regular way purchases and sales of financial assets are recognized on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

(II) Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

(i) Financial assets at amortized cost (debt instruments)

Financial assets at amortized cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognized in the consolidated income statement when the asset is derecognized, modified or impaired.

(ii) Financial assets at FVOCI (debt instruments)

For debt investments at FVOCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the consolidated income statement and computed in the same manner as for financial assets measured at amortized cost. The remaining fair value changes are recognized in other comprehensive income. Upon derecognition, the cumulative fair value change recognized in other comprehensive income is recycled to the consolidated income statement.

(iii) Financial assets designated at FVOCI (equity investments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity investments designated at FVOCI when they meet the definition of equity under HKAS 32 "Financial Instruments: Presentation" and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to the consolidated income statement. Dividends are recognized as other operating income in the consolidated income statement when the right of payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity investments designated at FVOCI are not subject to impairment assessment.

(iv) Financial assets at FVPL

Financial assets at FVPL are carried in the consolidated statement of financial position at fair value with net changes in fair value recognized in the consolidated income statement.

This category includes derivative instruments and equity investments which the Group had not irrevocably elected to classify at FVOCI. Dividends on equity investments classified as financial assets at FVPL are also recognized as other operating income in the consolidated income statement when the right of payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at FVPL. Embedded derivatives are measured at fair value with changes in fair value recognized in the consolidated income statement. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the FVPL category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at FVPL.

(III) Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e. removed from the Group's consolidated statement of financial position) when (i) the rights to receive cash flows from the asset have expired; or (ii) the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either the Group has transferred substantially all the risks and rewards of the asset, or the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Group's continuing involvement in the asset. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

(IV) Impairment

The Group recognizes an allowance for ECLs for all debt instruments not held at FVPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

(i) General approach

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a "12-month ECL"). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a "lifetime ECL").

At each reporting date, the Group assesses whether the credit risk on a debt instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the debt instrument as at the reporting date with the risk of a default occurring on the debt instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

For debt investments at FVOCI, the Group applies the low credit risk simplification. At each reporting date, the Group evaluates whether the debt investments are considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group reassesses the past due status of the debt investments in which the Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Group considers other debt instruments in default when contractual payments are more than 60 to 180 days past due. However, in certain cases, the Group may also consider these debt instruments to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A debt instrument is written off when there is no reasonable expectation of recovering the contractual cash flows. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Debt investments at FVOCI and other debt instruments at amortized cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for accounts receivable and contract assets which apply the simplified approach as detailed below:

Stage 1 – Debt instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs;

Stage 2 – Debt instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs;

Stage 3 – Debt instruments that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs.

Evidence that a debt instrument is credit-impaired includes the following observable events:

- Significant financial difficulties of the debtor;
- A breach of contract, such as a default or delinquency in interest or principal repayments;
- It becoming probable that the borrower will enter into bankruptcy or other financial reorganization;
- Significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; or
- The disappearance of an active market for a security because of financial difficulties of the issuer.

(ii) Simplified approach

For accounts receivable and contract assets that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

(I) Financial liabilities

(I) Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at FVPL, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

Financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

In respect of a put option held by a non-controlling shareholder of the Group's subsidiary company, which allows the non-controlling shareholder to sell all of its interest in the Group's subsidiary company to the Group under certain specific circumstances and thus gives rise to a contractual obligation for the Group to purchase its own equity instruments when the put option is exercised, a financial liability is initially recognized at the present value of the amount payable on exercise of the put option by the non-controlling shareholder and the carrying amount of the non-controlling interest is derecognized with the resulting differences recorded in equity.

(II) Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

(i) Financial liabilities at FVPL

Financial liabilities at FVPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVPL.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by HKFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognized in the consolidated income statement. The net fair value gain or loss recognized in the consolidated income statement does not include any interest charged on these financial liabilities.

Financial liabilities designated upon initial recognition as at FVPL are designated at the initial date of recognition, and only if the criteria in HKFRS 9 are satisfied. Gains or losses on liabilities designated at FVPL are recognized in the consolidated income statement, except for the gains or losses arising from the Group's own credit risk which are presented in other comprehensive income with no subsequent reclassification to the consolidated income statement. The net fair value gain or loss recognized in the consolidated income statement does not include any interest charged on these financial liabilities.

(ii) Financial liabilities at amortized cost
After initial recognition, the following financial liabilities are measured at amortized cost using the effective interest method: (i) loans and borrowings, and (ii) payables. Amortized cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction costs.

In respect of a put option held by a non-controlling shareholder of the Group's subsidiary company, while the put option remains unexercised, the Group derecognizes the carrying value of the non-controlling interest as if the put option is exercised at the end of the reporting period and recognizes a financial liability at the present value of the amount payable on exercise of the put option, with the difference recorded in equity as an equity transaction.

(iii) Financial guarantee contracts
Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. A financial guarantee contract is recognized initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the Group measures the financial guarantee contracts at the higher of: (i) the ECL allowance determined in accordance with the policy as set out in Note k(IV); and (ii) the amount initially recognized less, when appropriate, the cumulative amount of income recognized.

(III) Derecognition
A financial liability is derecognized when the obligation under the liability is discharged or canceled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognized in the consolidated income statement.

(m) Derivative instruments and hedge accounting

The Group uses derivative financial instruments such as currency swaps, foreign currency forwards, interest rate swaps, commodity swaps and electricity futures to hedge its risks associated with foreign currency, interest rate and commodity price fluctuations. Such derivative financial instruments are stated at fair value.

For the purpose of hedge accounting, hedges are classified as (i) fair value hedges where they hedge the exposure to changes in fair value of a recognized asset or liability or an unrecognized firm commitment, (ii) cash flow hedges where they hedge the exposure to variability in cash flows that is attributable to a particular risk associated with all, or a component of, a recognized asset or liability, a highly probable forecast transaction, or a foreign currency risk in an unrecognized firm commitment, or (iii) hedges of a net investment in a foreign operation. The Group does not have any fair value hedges.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting, the risk management objective and its strategy for undertaking the hedge.

The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined). A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements: (i) there is "an economic relationship" between the hedged item and the hedging instrument, (ii) the effect of credit risk does not "dominate the value changes" that result from that economic relationship, and (iii) the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

The Group has adopted HKAS 39, HKFRS 7, and HKFRS 9 Amendments which include a number of reliefs, that apply to all hedging relationships directly affected by interest rate benchmark reform. The reliefs apply during the year before the replacement of an existing interest rate benchmark with an alternative RFR. A hedging relationship is affected if interest rate benchmark reform gives rise to uncertainties about the timing and or amount of benchmark-based cash flows of the hedged item or the hedging instrument. The reliefs cease to apply once certain conditions are met. These include when the uncertainty arising from interbank offered rate reform is no longer present with respect to the timing and amount of the benchmark-based cash flows of the hedged item, if the hedging relationship is discontinued or once amounts in the cash flow hedge reserve have been released.

In relation to cash flow hedges, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognized in consolidated statement of comprehensive income and the ineffective portion is recognized immediately in the consolidated income statement. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

The amounts accumulated in other comprehensive income are accounted for, depending on the nature of the underlying hedged transaction. If the hedged transaction subsequently results in the recognition of a non-financial item, the amount accumulated in equity is removed from the separate component of equity and included in the initial cost or other carrying amount of the hedged asset or liability. This is not a reclassification adjustment and will not be recognized in other comprehensive income for the period. This also applies where the hedged forecast transaction of a non-financial asset or non-financial liability subsequently becomes a firm commitment to which fair value hedge accounting is applied.

For any other cash flow hedges, the amount accumulated in other comprehensive income is reclassified to the consolidated income statement as a reclassification adjustment in the same period or periods during which the hedged cash flows affect the consolidated income statement.

If cash flow hedge accounting is discontinued, the amount that has been accumulated in other comprehensive income must remain in other comprehensive income if the hedged future cash flows are still expected to occur. Otherwise, the amount will be immediately reclassified to the consolidated income statement as a reclassification adjustment. After the discontinuation, once the hedged cash flows occur, any amount remaining in other comprehensive income is accounted for depending on the nature of the underlying transaction as described above.

For derivatives that do not qualify for hedge accounting, any gains or losses arising from changes in fair value are recognized directly in the consolidated income statement.

(n) Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is calculated using the first-in, first-out method, the weighted average method or the moving average method, and in the case of work in progress and finished goods, comprises direct materials, direct labor and an appropriate proportion of overheads. The cost of goods purchased for resale includes costs incurred in bringing the goods to their present location. Depending on the nature of the inventory, net realizable value is based on either estimated selling prices less any estimated costs to be incurred to completion and disposal, or the current replacement cost. The Group provides allowance for obsolescence and/or decline in market values of inventories based on periodic reviews of the physical conditions and net realizable value.

(o) Provisions, contingent liabilities and assets

A provision is recognized when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the consolidated income statement net of any reimbursement. When the effect of discounting is material, the amount recognized for a provision is the present value, at the end of the reporting period, of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount, arising from the passage of time, is included in finance costs in the consolidated income statement.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow is remote.

A contingent liability recognized in a business combination is initially measured at its fair value. Subsequently, it is measured at the higher of (i) the amount that would be recognized in accordance with the general policy for provisions above and (ii) the amount initially recognized less, when appropriate, the amount of income recognized in accordance with the general guidance for revenue recognition.

Contingent assets represent assets arising from unplanned or unexpected events that give rise to the possibility of an inflow of economic benefits to the Group. Contingent assets are not recognized in the Group's Consolidated Financial Statements but are disclosed where an inflow of economic benefits is probable.

(p) Income tax

Income tax comprises current and deferred taxes. Income tax relating to items recognized outside profit or loss is recognized either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates (and tax laws) used to compute the amounts are those that are enacted or substantively enacted, by the end of the reporting period, in the countries where the Group operates and generates taxable income. Deferred tax is provided, using the liability method, on all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences (with limited exceptions) while deferred tax assets are recognized for all deductible temporary differences, and the carry-forward of unused tax credits and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax credits and unused tax losses can be utilized (with limited exceptions). For deferred tax liabilities that would be payable on unremitted earnings that are subject to withholding taxes, the Group fully recognizes the amounts for its associated companies and recognizes the amounts to the extent representing the earnings to be distributed as dividends for its subsidiary companies. The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered. Conversely, previously unrecognized deferred tax assets are recognized to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and deferred tax liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

(q) Distributions/Dividends

Final distributions/dividends proposed by the Directors are recognized as a liability when they have been declared and approved by the shareholders in an annual general meeting. Proposed final distributions/dividends are disclosed in the notes to the Consolidated Financial Statements.

Interim distributions/dividends (including special distributions/dividends, if any) are simultaneously declared, because the Company's memorandum and bye-laws grant the Directors the authority to declare interim distributions/dividends. Consequently, interim distributions/dividends are recognized immediately as a liability when they are declared.

(r) Turnover and revenue recognition

Revenue from contracts with customers is recognized when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognized will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group with a significant financial benefit for more than one year, revenue recognized under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in HKFRS 15.

Turnover represents the amounts received and receivable net of discounts, rebates and value-added tax from the sales of goods and electricity, and the rendering of services to third parties, falling within the ordinary activities of the Group's businesses. Turnover is measured by allocating the transaction price including variable considerations to each performance obligation on a relative stand-alone selling price basis and taking into account contractually defined terms of payment.

(I) Turnover from the sale of goods

Turnover from the sale of goods is recognized at the point in time when control of the goods is transferred to the customer, generally on delivery of the goods. Delivery occurs when the goods have been shipped to the location specified by the customer, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the goods in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

Some contracts for the sale of goods provide customers with rights of return and volume rebates. The rights of return and volume rebates give rise to variable consideration.

(i) Rights of return

For contracts which provide a customer with a right to return the goods within a specified period, the expected value method is used to estimate the goods that will not be returned because this method best predicts the amount of variable consideration to which the Group will be entitled. The requirements in HKFRS 15 on constraining estimates of variable consideration are applied in order to determine the amount of variable consideration that can be included in the transaction price. For goods that are expected to be returned, instead of revenue, a refund liability is recognized. A right-of-return asset (and the corresponding adjustment to cost of sales) is also recognized for the right to recover products from a customer.

(ii) Volume rebates

Retrospective volume rebates may be provided to certain customers once the quantity of products purchased during the period exceeds a threshold specified in the contract. Rebates are offset against amounts payable by the customer. To estimate the variable consideration for the expected future rebates, the most likely amount method is used for contracts with a single-volume threshold and the expected value method for contracts with more than one volume threshold. The selected method that best predicts the amount of variable consideration is primarily driven by the number of volume thresholds contained in the contract. The requirements on constraining estimates of variable consideration are applied and a refund liability for the expected future rebates is recognized.

(II) Turnover from the sale of electricity

Turnover from the sale of electricity is recognized over time upon supply and in the amount the Group has a right to invoice, because the customer simultaneously receives and consumes the benefits provided by the Group.

(III) Turnover from the rendering of services

Turnover from the rendering of services is recognized over time when the said services are rendered. Customers are charged upon the completion of services or on a regular basis that corresponds directly with the value to the customer of the Group's performance to date.

(IV) Dividend income

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

(V) Interest income

Interest income is recognized as it accrues, taking into account the principal amount outstanding and the effective interest rate.

(s) Contract assets and contract liabilities

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional. Contract assets are subject to impairment assessment, details of which are included in the accounting policies for impairment of financial assets (see Note (k)(IV)).

A contract liability is recognized when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognized as revenue when the Group performs under the contract (i.e. transfers control of the related goods or services to the customer).

(t) Employee benefits

(I) Pension obligations

The Group operates defined contribution and defined benefit retirement schemes.

Contributions to defined contribution schemes by the Group and employees are calculated as a percentage of the employees' basic salaries. The Group's contributions to defined contribution schemes are expensed as incurred and are reduced by contributions forfeited by those employees who leave the schemes prior to the contributions vesting fully.

The Group's net obligations in respect of defined benefit schemes is calculated by fair value of the pension scheme assets and estimates of the effects of future events on the actuarial present value of accrued pension obligations, and are determined on the basis of actuarial valuations using the projected unit credit method. Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognized immediately in other comprehensive income in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods. Past service costs are recognized in the consolidated income statement at the earlier of the date of (i) when the plan amendment occurs and (ii) when the related restructuring or termination costs are recognized. Interest on net defined benefit obligation is calculated using the discount rate used to measure the pension benefit obligation and recognized in the consolidated income statement.

(II) Long service payments

Certain of the Group's employees are eligible for long service payments in the event of retirement or voluntary resignation of their employment. A provision is recognized in respect of the probable future long service payments expected to be made. The provision is the best estimate of the present value of probable future payments, calculated using the projected unit credit method, that have been earned by the employees from their service to the Group at the end of the reporting period.

(III) Equity-settled transactions

The cost of equity-settled transactions with employees is measured by reference to the fair values of the share options and awarded shares at the date at which they are granted.

For grants of share options, the total amount to be expensed is determined by reference to the fair value of the options granted by using option-pricing models, which include the impact of market performance conditions but excludes the impact of service conditions and non-market performance conditions. For grants of awarded shares, the total amount to be expensed is determined by reference to the market performance conditions at the grant date, taking into account all non-vesting conditions associated with the grants.

The cost of equity-settled transactions is recognized in employee benefit expenses, together with a corresponding increase in the employee share-based compensation reserve, over the period in which the performance conditions are fulfilled. The cumulative expense recognized for equity-settled transactions at each reporting period end until the vesting date reflects the extent to which the vesting period has expired and the number of awards that will ultimately vest, based on the best available estimate.

Upon the exercise of share options, the related amount accumulated in the employee share-based compensation reserve is transferred to share premium. Upon the vesting and transfer to the awardees, the related costs of the awarded shares are credited to shares held for the share award scheme, and the related fair value of the shares is debited to the employee share-based compensation reserve. The difference between the cost and the fair value of the vested awarded shares is credited to retained earnings if the fair value is higher than the cost or debited against retained earnings if the fair value is less than the cost.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected into fair value of an award and lead to an immediate expensing of an award unless there are also services and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognized. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, an expense, as a minimum, is recognized as if the terms had not been modified if the original terms of the award are met. An expense is recognized for any increase in the fair value of the transactions as a result of the modification, as measured at the date of modification. If the modification occurs during the vesting period, the incremental fair value granted is included in the measurement of the amount recognized for services received over the period from the modification date until the date when the modified equity instruments vest, in addition to the amount based on the grant date fair value of the original equity instruments, which is recognized over the remainder of the original vesting period. If the modification occurs after vesting date, the incremental fair value granted is recognized immediately, or over the vesting period if the employee is required to complete an additional period of service before becoming unconditionally entitled to those modified equity instruments.

Where an equity-settled award is canceled, it is treated as if it had vested on the date of cancelation, and any expense not yet recognized for the award is recognized immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the canceled award, and designated as a replacement award on the date that it is granted, the canceled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

(IV) Cash long-term employee benefits

The Group's long-term incentive plans ("LTIP") grant cash incentives to eligible key employees, which are contingent upon the achievement of approved targets, such as recurring profit/core income over a performance cycle, usually three years, with payments usually made at the end of the performance cycle. Liability under LTIP is determined using the projected unit credit method. Employee benefit costs include current service costs, interest cost, actuarial gains and losses, and past service costs. Past service costs and actuarial gains and losses are recognized immediately in the consolidated income statement when they occur.

(V) Paid leave carried forward

The Group provides paid annual leave to its employees under their employment contracts on a calendar year basis. Under certain circumstances, such leave which remains untaken as at the end of the reporting period is permitted to be carried forward and utilized by the respective employees in the following year. An accrual is made at the end of the reporting period for the expected future cost of such paid leave earned during the year by the employees and carried forward.

(VI) Termination benefits

Termination benefits are employee benefits provided in exchange for the termination of an employee's employment as a result of either an entity's decision to terminate an employee's employment before the normal retirement date or an employee's decision to accept an offer of benefits in exchange for the termination of employment.

Termination benefits are recognized at the earlier of (i) when the Group can no longer withdraw the offer of those benefits and (ii) when the Group recognizes the related restructuring costs. Initial recognition and subsequent changes to termination benefits are measured in accordance with the nature of the employee benefit, as either post-employment benefits, short-term employee benefits, or other long-term employee benefits.

(VII) Short-term employee benefits

Employee benefits are classified as short-term if the expected timing of settlement is within 12 months after the end of the reporting period.

(u) Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(I) As a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets. At inception or on reassessment of a contract that contains a lease component and non-lease component(s), the Group adopts the practical expedient not to separate non-lease component(s) and to account for the lease component and the associated non-lease component(s) (e.g., property management services for leased properties) as a single lease component.

(i) Right-of-use assets

Right-of-use assets are recognized at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

When a right-of-use asset meets the definition of investment property, it is included in investment properties. The corresponding right-of-use asset is initially measured at cost, and subsequently measured at fair value, in accordance with the Group's policy for investment properties (see Note (g)).

(ii) Lease liabilities

Lease liabilities are recognized at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognized as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification that is not accounted for as a separate lease, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset. The lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification. The only exceptions are any rent concessions which (i) arose as a direct consequence of the COVID-19 pandemic, (ii) the changes in lease payments result in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change, (iii) any reduction in lease payments affects only payments originally due on or before 30 June 2022, and (iv) there is no substantive change to other terms and conditions of the lease. In such cases, the Group took advantage of the practical expedient and recognized the change in consideration as if it was not a lease modification.

The Group's lease liabilities are included in deferred liabilities, provisions and payables.

(iii) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its certain short-term leases (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). When the Group enters into a lease in respect of a low-value asset (i.e. asset with a value, when new, of US$5 thousand or less), the Group decides whether to capitalize the lease on a lease-by-lease basis. Lease payments associated with those leases which are not capitalized as right-of-use assets are recognized as an expense on a straight-line basis over the lease term.

(II) As a lessor

When the Group acts as a lessor, it classifies at lease inception (or when there is a lease modification) each of its leases as either an operating lease or a finance lease.

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. Rental income is accounted for on a straight-line basis over the lease terms and is recognized in the consolidated income statement. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized in the consolidated income statement in the period in which they are earned.

Leases that transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee are accounted for as finance leases.

(v) Finance costs

Finance costs are interest expenses calculated using the effective interest method and other costs incurred in connection with the borrowing of funds and lease liabilities. Other costs include exchange differences on foreign currency borrowings. Exchange differences arising from foreign currency borrowings are included in finance costs to the extent that they are regarded as an adjustment to interest costs.

Finance costs are expensed in the consolidated income statement in the period in which they are incurred, except to the extent that they are capitalized as being directly attributable to the acquisition, construction or production of qualifying assets (principally the assets classified as property, plant and equipment and concession assets classified as intangible assets for the Group) which necessarily take a substantial period of time to prepare for their intended use or sale. The capitalization of such borrowing costs ceases when the assets are substantially ready for their intended use or sale.

(w) Foreign currencies

(I) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (functional currency, principally the rupiah, peso and S$). The Consolidated Financial Statements are presented in the currency of the United States dollar, which is the Company's functional currency.

(II) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the consolidated income statement. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item.

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognizes the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

(III) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency other than the United States dollar are translated into the United States dollar as follows:

(i) assets and liabilities for each consolidated statement of financial position presented are translated at the closing rate at the end of the reporting period;

(ii) income and expenses for each consolidated income statement and consolidated statement of comprehensive income presented are translated at average exchange rates of the reporting period (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

(iii) all resulting exchange differences are recognized in other comprehensive income. On consolidation, exchange differences arising from the translation of the net investment in foreign entities are taken to equity. When a foreign operation is sold, such exchange differences are recognized in the consolidated income statement as part of the gain or loss on disposal.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and are translated at the exchange rates at the dates of the transactions.

(IV) Consolidated statement of cash flows

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiary companies are translated into United States dollars at the average exchange rates of the reporting period.

(x) Segmental information

A business 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 results are regularly reviewed by the Group's chief operating decision maker who makes decisions about how resources are to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

Segment revenue, expenses, results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis to that segment. They are determined before intragroup balances and intragroup transactions are eliminated as part of the consolidation process.

(y) Related parties

A related party is considered as a person or an entity that is related to the Group if:

(I) A person or a close member of that person's family is related to the Group if that person:
- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group;

or

(II) An entity is related to the Group if any of the following conditions applies:
- (i) the entity and the Group are members of the same group (which means that parent, each subsidiary company and each fellow subsidiary company is related to the others);
- (ii) one entity is an associated company or a joint venture of the other entity (or an associated company or a joint venture of a member of a group of which the other entity is a member);
- (iii) the entity and the Group are joint ventures of the same third party;
- (iv) one entity is a joint venture of a third entity and the other entity is an associated company of the third entity;
- (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
- (vi) the entity is controlled or jointly controlled by a person identified in (I);
- (vii) a person identified in (I)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); or
- (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly.

(z) Assets and disposal groups held for sale and discontinued operations

Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. For this to be the case, the assets or disposal groups must be available for immediate sale in their present condition subject only to terms that are usual and customary for the sale of such assets or disposal groups and their sale must be highly probable. All assets and liabilities of a subsidiary company classified as a disposal group are reclassified as held for sale regardless of whether the Group retains a non-controlling interest in its former subsidiary company after the sale.

Non-current assets and disposal groups (other than investment properties, deferred tax assets, assets arising from employee benefits and financial assets) classified as held for sale are measured at the lower of their carrying amounts and fair values less costs to sell. Property, plant and equipment and intangible assets classified as held for sale are not depreciated or amortized.

For non-current assets and disposal groups (other than investment properties, deferred tax assets, assets arising from employee benefits and financial assets) that cease to be classified as held for sale are measured at the lower of their carrying amounts before the assets or disposal groups were classified as held for sale, adjusted for any depreciation or amortization that would have been recognized had the assets or disposal groups not been classified as held for sale, and their recoverable amounts at the date of the subsequent decision not to sell.

A disposal group qualifies as a discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and (i) represents a separate major line of business or geographical area of operations; (ii) is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations: or (iii) is a subsidiary acquired exclusively with a view to resale.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the consolidated income statement.

3. Significant Accounting Judgments and Estimates

The preparation of the Group's Consolidated Financial Statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

(A) Judgments

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognized in the Consolidated Financial Statements:

(a) Service concession arrangements

In applying HK(IFRIC)-Int 12 "Service Concession Arrangements" to the service concession arrangements of the Group's water (Maynilad, BOO Phu Ninh Water Treatment Plant Joint Stock Company ("PNW"), Metro Pacific Iloilo Water Inc. ("MPIWI"), Philippine Hydro, Inc. ("PHI"), Metro Iloilo Bulk Water Supply Corporation ("MIBWSC"), PT Sarana Catur Tirta Kelola ("PT SCTK") and Metro Pacific Dumaguete Water Service Inc. ("MPDW")), toll road (NLEX Corporation, Cavitex Infrastructure Corporation ("CIC"), MPCALA Holdings, Inc. ("MPCALA"), Cebu Cordova Link Expressway Corporation ("CCLEC") and PT Nusantara) and rail (LRMC) businesses, the Group has made judgments that these arrangements qualify for the application of the intangible asset model. The methods of amortization that the Group uses depend on which method best reflects the pattern of consumption of the concession assets. Maynilad, NLEX Corporation, CIC and PT Nusantara use the unit of production method for amortizing water and toll road service concession assets. The Group annually reviews the actual billed volume and the estimated billable water volume, in the case of the water concession, and the actual traffic volume and the expected traffic volume, in the case of the toll concession, based on factors that include market conditions such as population growth and consumption of water/usage of the toll facility, and the status of the Group's projects. It is possible that future results of operations could be materially affected by changes in the Group's estimates brought about by changes in the aforementioned factors.

In applying HKAS 23 to the Group's service concession arrangements undergoing rehabilitation (in the case of the existing LRT1) and pre/on-going construction (in the case of the construction of the CALAX, Connector Road, CCLEX and LRT1 extension) as qualifying assets, the Group capitalizes borrowing costs that are directly attributable to the acquisition or construction of the qualifying asset as part of the cost of that asset using the specific borrowing approach, as the Group uses specific borrowings to finance its qualifying assets. Capitalization of borrowing costs ceases when substantially all the activities necessary to prepare the components of the service concession asset for its intended use are completed. The rehabilitation of the existing LRT1 was substantially completed in 2022 and LRMC received the safety assessor's certification that the speed can be raised to 60 kilometres per hour in January 2022. Accordingly, LRMC ceased to capitalize borrowing costs that are directly attributable to existing LRT1 and started to amortize the related concession assets. Details of the Group's accounting policy in respect of intangible assets (other than goodwill) are set out in Note 2(D)(f) to the Consolidated Financial Statements.

(b) Classification of financial assets and financial liabilities

The Group determines the classification of certain assets and liabilities as financial assets and financial liabilities by judging whether they meet the definition of financial assets and financial liabilities set out in HKFRS 9. Accordingly, the financial assets and financial liabilities are accounted for in accordance with the Group's accounting policies set out in Notes 2(D)(k) and 2(D)(l) to the Consolidated Financial Statements, respectively.

(c) Power to exercise significant influence

Where the Group holds less than 20% of voting interest in an investee but the Group has the power to exercise significant influence, such an investment is treated as an associated company. See Note 13(D) to the Consolidated Financial Statements for application of the above judgment.

(d) Determining the lease term of contracts with renewal options

The Group has several lease contracts that include extension and termination options. The Group applies judgment in evaluating whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its decision to exercise or not to exercise the option to renew or to terminate (e.g., a change in business strategy).

(B) Estimation Uncertainty

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

(a) Purchase price allocation and impairment of non-financial assets

Acquisition accounting requires an extensive use of accounting estimates to allocate the purchase price to the fair values of the acquiree's identifiable assets, liabilities and contingent liabilities, if any, at the acquisition date. Determining the fair value of the identifiable assets, for example property, plant and equipment and intangible assets (other than goodwill), at the date of acquisition of business requires the Group to make estimates and assumptions that can materially affect the Group's Consolidated Financial Statements.

Any difference in the purchase price and the fair values of the net identifiable assets acquired is recorded as either goodwill in the consolidated statement of financial position or a gain on bargain purchase in the consolidated income statement. The Group's business acquisitions have resulted in goodwill, which is subject to annual impairment testing and whenever there is an indication that goodwill may be impaired. The Group also assesses whether there are any indicators of impairment for all non-financial assets (including the right-of-use assets) at the end of each reporting period. Intangible assets with indefinite useful lives and intangible assets that have not yet been brought into use are tested for impairment annually and at other times when such an indicator exists.

Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a CGU exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the asset or CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

The preparation of estimated future cash flows involves significant estimations. While the Group believes that its assumptions are appropriate and reasonable, significant changes in its assumptions may materially affect its assessment of recoverable values and may lead to future additional impairment charges. Any resulting impairment loss would affect directly the Group's consolidated profit or loss and equity.

The purchase price allocation exercise for the acquisition of Pinehill was finalized in 2021 and there are no changes to the fair values of assets acquired, and liabilities and contingent liabilities assumed as disclosed in Note 34(H) to the Consolidated Financial Statements. At 31 December 2021, the goodwill in relating to Pinehill was US$3,660.4 million and was tested for impairment with key inputs and assumption disclosed in Note 14(B) to the Consolidated Financial Statements.

(b) Estimating useful lives and residual values of property, plant and equipment

The Group estimates the useful lives and residual values of its property, plant and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives and residual values of the property, plant and equipment are reviewed annually and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets. In addition, the Group's estimation of the useful lives and residual values of its property, plant and equipment is based on its collective assessment of industry practice, internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in those estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives and residual values of the Group's property, plant and equipment would increase its recorded depreciation expenses and decrease its non-current assets.

(c) Measurement of fair value of biological assets

The Group recognizes its timber plantations and agricultural produce of bearer plants at fair value less costs to sell, which requires the use of accounting estimates and assumptions.

The Group adopts the income approach to measure the fair value of unharvested produce of bearer plants and timber plantations. The significant assumptions applied to determine the fair value of biological assets included the projected selling prices, production yields, discount rate, inflation rate and exchange rates. For the valuation of unharvested fruit bunches of oil palm and latex of rubber, the Group has applied the actual harvest data subsequent to year end and the market selling prices at year end to derive the fair value of unharvested produce of oil palm and rubber at year end. For the valuation of oil palm seeds, sugar cane and timber, the Group has applied discounted cash flow models to derive their fair values.

The amount of changes in fair values would differ if there are changes to the assumptions used. Any changes in fair values of these agricultural produces would affect the Group's consolidated profit or loss and equity. The key assumptions applied in the determination of fair value of biological assets including a sensitivity analysis are disclosed and further explained in Note 12 to the Consolidated Financial Statements.

(d) Estimating useful lives of brands

The Group estimates the useful lives of the brands for its packaged drinking water and various milk-related products. The estimated useful lives of the brands are reviewed annually and are updated if expectations differ from previous estimates, including but not limited to, changes in market situations, regulatory development and technological obsolescence. It is possible, however, that future results of operations could be materially affected by changes in those estimates brought about by changes in the factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of the Group's brands would increase its recorded amortization expenses and decrease its other non-current assets.

(e) Measurement of fair value of financial assets and liabilities

The Group measures certain financial assets and liabilities at fair value, which requires extensive use of accounting estimates. While significant components of fair value measurement were determined using verifiable objective evidence (i.e., foreign exchange rates and interest rates), the amount of changes in fair value would differ if the Group utilized different valuation methodologies. Any changes in fair value of these financial assets and liabilities would affect directly the Group's consolidated profit or loss and equity.

(f) Provision for expected credit losses on accounts receivable and contract assets

The Group uses a provision matrix to calculate ECLs for accounts receivable and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance). The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future. The information about the ECLs on the Group's accounts receivable and contract assets is disclosed in Note 17 to the Consolidated Financial Statements.

(g) Estimating allowances for inventories

The Group estimates the allowance for inventories based on the best available facts and circumstances, including but not limited to, the inventories' own conditions (i.e., whether they are damaged or become wholly or partially obsolete), their market selling prices, estimated costs of completion and estimated costs to be incurred for their sale. The allowances are re-evaluated and adjusted as additional information received affects the amount estimated.

(h) Taxes

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the diversity of the Group's businesses and the long-term nature and complexity of existing contractual agreements or the nature of the business itself, changes arising from differences between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded.

The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities in which the Group operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences in interpretation may arise for a wide variety of issues depending on the conditions prevailing in the respective domicile or to the operations of the Group.

The Group reviews the carrying amounts at the end of each reporting period and reduces deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized based on the likely timing and level of future taxable profits together with future tax planning strategies. However, there is no assurance that the Group will generate sufficient taxable profit to allow all or part of its recognized deferred tax assets to be utilized.

(i) Provisions

The Group recognizes provisions based on estimates of whether it is probable that an outflow of resources will be required to settle an obligation. Where the final outcome of these matters is different from the amounts that were initially recognized, such differences will impact the financial performance in the period in which such determination is made.

(j) Pension and other retirement benefits

The determination of the Group's defined benefits obligation, fair value of plan assets and cost is performed by independent actuaries engaged by the Group and dependent on the selection of certain assumptions used by them in calculating such amounts. Those assumptions include among others, discount rates, expected returns on plan assets, future annual salary increases and the average remaining working life of employees. In accordance with the Group's accounting policy for pension obligations, actual results that differ from the Group's assumptions are recognized immediately in other comprehensive income as and when they occur. While the Group believes that the actuaries' assumptions are reasonable and appropriate, significant differences in the Group's actual experience or significant changes in the Group's assumptions may materially affect its pension and other retirement obligations.

(k) Employee benefit expenses

HKFRS 2 "Share-based Payment" requires that the Group measures its share options and awarded shares at fair value at the date at which they are granted, which requires the extensive use of estimates. The determination of such fair value is performed by an independent valuer engaged by the Group or based on management's estimates. Significant components of fair value measurement were determined using assumptions including the expected volatility and dividend yield and the average risk-free interest rate for share options, and expected dividend payments during the vesting period for share awards. The amount of fair value determined at the date on which the share options and awarded shares are granted would differ if the Group utilized different assumptions. Any changes in fair value of the share options and awarded shares determined at the date on which they are granted would affect directly the Group's consolidated profit or loss and equity in subsequent periods when these fair values are recognized as expenses over the vesting period of the share options and awarded shares.

The cost of cash LTIP is determined using the projected unit credit method based on prevailing discount rates and estimated achievement of recurring profit/core income targets. While management's assumptions are believed to be reasonable and appropriate, significant differences in actual results against targeted results or changes in assumptions may materially affect the Group's consolidated profit or loss and equity.

4. Turnover and Segmental Information

US$ millions	**2021**	2020
Turnover		
Sale of goods		
– Consumer Food Products	**6,869.4**	5,637.8
Sale of electricity		
– Infrastructure	**1,201.3**	577.7
Rendering of services		
– Consumer Food Products	**156.8**	96.2
– Infrastructure	**875.7**	818.8
Total	**9,103.2**	7,130.5

Performance obligations
Information about the Group's performance obligations is summarized below:

Sale of goods
The performance obligation is satisfied upon delivery of the goods and payment is generally due within 30 to 60 days from delivery for consumer food products. Certain contracts provide customers with cash incentives, rights of return and volume rebates which give rise to variable consideration. For the year ended 31 December 2021, revenue recognized of US$22.7 million (2020: US$19.8 million) relates to the carried-forward contract liabilities arising from the consumer food products business and the infrastructure business.

Sale of electricity
The performance obligation is satisfied over time as the customer simultaneously receives and consumes the electricity provided by the Group and payment is generally due within 30 days from the date of billing for PLP's customers.

Rendering of services
The performance obligation is satisfied over time as services are rendered and payment is generally due within 30 days from the date of billing for Indofood's maritime customers, and within seven to 60 days from the date of billing for MPIC's water and sewerage service customers, and 45 to 60 days from the date of billing for MPIC's bulk water supply customers.

Segmental Information
A business 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 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 located in Indonesia, the Philippines, Singapore, the Middle East, Africa and others, and the turnover information is based on the locations of the customers. Details of the Group's principal investments are provided on pages 223 and 224.

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

The revenue, results and other information for the years ended 31 December 2021 and 2020, and assets and liabilities at 31 December 2021 and 2020 on segmental basis are as follows:

By Principal Business Activity – 2021

For the year ended/at 31 December US$ millions	Consumer Food Products	Telecom- munications	Infrastructure	Natural Resources	Head Office	2021 Total
Revenue						
Turnover						
– Point in time	6,869.4	–	–	–	–	**6,869.4**
– Over time	156.8	–	2,077.0	–	–	**2,233.8**
Total	7,026.2	–	2,077.0	–	–	**9,103.2**
Results						
Recurring profit	228.1	139.1	119.9	19.3	(79.9)	**426.5**
Assets and Liabilities						
Non-current assets (other than financial instruments and deferred tax assets)						
– Associated companies and joint ventures	564.8	1,202.5	3,320.9	178.0	–	**5,266.2**
– Others	7,933.4	–	6,959.5	–	6.2	**14,899.1**
	8,498.2	1,202.5	10,280.4	178.0	6.2	**20,165.3**
Other assets	4,337.5	–	1,822.3	–	241.6	**6,401.4**
Total assets	12,835.7	1,202.5	12,102.7	178.0	247.8	**26,566.7**
Borrowings	4,425.6	–	5,267.6	–	1,435.2	**11,128.4**
Other liabilities	2,296.6	–	2,368.1	–	160.5	**4,825.2**
Total liabilities	6,722.2	–	7,635.7	–	1,595.7	**15,953.6**
Other Information						
Depreciation and amortization	(304.5)	–	(180.7)	–	(3.9)	**(489.1)**
Gain on changes in fair value of biological assets	7.9	–	–	–	–	**7.9**
Impairment losses	(66.9)	–	(201.9)	–	–	**(268.8)**
Interest income	22.6	–	15.0	–	5.9	**43.5**
Finance costs	(218.6)	–	(203.5)	–	(57.1)	**(479.2)**
Share of profits less losses of associated companies and joint ventures	9.3	139.5	199.1	26.0	–	**373.9**
Taxation	(245.2)	–	(17.1)	–	(19.6)	**(281.9)**
Additions to non-current assets (other than financial instruments and deferred tax assets)	332.0	–	956.4	–	0.2	**1,288.6**

By Geographical Market – 2021

For the year ended/at 31 December US$ millions	Indonesia	The Philippines	Singapore	The Middle East, Africa & Others	2021 Total
Revenue					
Turnover					
– Consumer Food Products	5,367.9	122.7	204.3	1,331.3	**7,026.2**
– Infrastructure	82.3	799.7	1,194.5	0.5	**2,077.0**
Total	5,450.2	922.4	1,398.8	1,331.8	**9,103.2**
Assets					
Non-current assets (other than financial instruments and deferred tax assets)	3,594.2	11,502.0	612.8	4,456.3	**20,165.3**

By Principal Business Activity – 2020

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

By Geographical Market – 2020

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

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 (2020: None).

A reconciliation between profit before taxation as shown in the consolidated income statement and recurring profit is as follows:

US$ millions	2021	2020
Profit before taxation		
– Continuing operations	**1,088.8**	940.1
– A discontinued operation (Note 7(B))	**84.6**	89.1
Exclusion of:		
– Foreign exchange and derivative losses/(gains), net (Note 8)	**38.9**	(91.4)
– Gain on changes in fair value of biological assets (Note 5(A))	**(7.9)**	(0.2)
– Non-recurring items	**277.4**	280.1
Deduction of attributable taxation and non-controlling interests	**(1,055.3)**	(896.5)
Recurring Profit	**426.5**	321.2

5. Profit before Taxation from Continuing Operations

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

(A) Other Operating Expenses, Net

US$ millions	2021	2020
Impairment losses		
– Other intangible assets (Note 15)	**144.4**	1.3
– Property, plant and equipment (Note 11)	**46.6**	24.0
– Other receivables	**35.8**	11.2
– Associated companies and joint ventures	**29.1**	22.3
– Goodwill (Note 14)	**2.8**	37.5
Foreign exchange and derivative losses/(gains), net (Note 8)	**30.8**	(92.5)
Amortization of other intangible assets	**13.5**	13.3
Loss on disposal of property, plant and equipment, net	**9.9**	32.7
Gain on disposal of an associated company	**(21.7)**	–
Dividend income from financial assets at FVOCI (Note 18)	**(13.1)**	(5.4)
Gain on changes in fair value of biological assets (Note 4)	**(7.9)**	(0.2)
Other expenses	**4.1**	6.3
Total	**274.3**	50.5

(B) Finance Costs

US$ millions	2021	2020
Finance costs on		
– Bank borrowings and other loans	**628.7**	632.0
– Lease liabilities	**3.4**	4.3
Less: Finance costs capitalized in		
– Other intangible assets	**(144.4)**	(185.4)
– Property, plant and equipment	**(8.5)**	(8.3)
Total	**479.2**	442.6

The weighted average capitalization rate of borrowings costs for 2021 was 27.6% (2020: 36.4%).

(C) Other Items

US$ millions	2021	2020
Cost of inventories sold	**3,504.2**	2,722.1
Cost of services rendered	**1,516.2**	995.0
Employees' remuneration (Note 36(A))	**871.1**	803.2
Depreciation	**349.2**	348.0
Amortization of other intangible assets(i)	**138.4**	127.2
Expenses relating to short-term leases	**24.5**	13.8
Write-down of inventories to net realizable value, net (Note 23(B))(ii)	**7.0**	13.0
Provision of impairment losses on accounts receivable(iii)	**3.1**	12.6
Auditor's remuneration		
– Audit services	**4.7**	4.6
– Non-audit services(iv)	**0.7**	1.0
Expenses relating to leases of low-value assets	**1.7**	0.6
Reversal of provision for onerous contracts, net	**(8.4)**	(13.2)

(i) US$122.2 million (2020: US$110.8 million) included in cost of sales, US$13.5 million (2020: US$13.3 million) included in other operating expenses, net, and US$2.7 million (2020: US$3.1 million) included in administrative expenses
(ii) Included in cost of sales
(iii) Included in selling and distribution expenses
(iv) Pertained to due diligence, review of continuing connected transactions and other transactions relating to the Group's business development

6. Taxation

No Hong Kong profits tax (2020: Nil) has been provided as the Group had no estimated assessable profits (2020: Nil) arising in Hong Kong for the year. Taxation on assessable profits generated outside Hong Kong has been provided at the rates of taxation prevailing in the countries in which the Company's subsidiary companies operate.

US$ millions	2021	2020
Subsidiary Companies – Overseas		
Current taxation	**289.8**	326.8
Deferred taxation	**(7.9)**	14.8
Total Tax Charge	**281.9**	341.6

Included in the share of profits less losses of associated companies and joint ventures is taxation of US$120.9 million (2020: US$107.4 million) which is analyzed as follows:

US$ millions	2021	2020
Associated Companies and Joint Ventures – Overseas		
Current taxation	**112.3**	119.8
Deferred taxation	**8.6**	(12.4)
Total Tax Charge	**120.9**	107.4

On 26 March 2021, the CREATE Act was signed into law by the President of the Philippines. The CREATE law reduces the corporate income tax rate for the Group's investee companies in the Philippines to 25% from 30% with retroactive effect from 1 July 2020. In March 2020, the corporate income tax rates in Indonesia have been reduced from 25% to 22% starting 2020. The impacts of the above changes in tax rates in the Philippines in 2021 and in Indonesia in 2020 on the Group's taxation and share of taxation of associated companies and joint ventures are summarized as follows:

US$ millions	2021	2020
Subsidiary Companies – Overseas		
Current taxation	**(6.3)**	–
Deferred taxation	**(12.1)**	10.5
Total Tax (Credit)/Charge	**(18.4)**	10.5

US$ millions	2021	2020
Associated Companies and Joint Ventures – Overseas		
Current taxation	**(10.4)**	–
Deferred taxation	**38.5**	–
Total Tax Charge	**28.1**	–

A reconciliation between profit before taxation multiplied by the applicable tax rates and the taxation amount is as follows:

US$ millions	2021	%	2020	%
Profit before Taxation				
Continuing operations	**1,088.8**		940.1	
A discontinued operation	**84.6**		89.1	
	1,173.4		1,029.2	
Notional tax on profit before taxation, calculated at the rates applicable to profits in the tax countries concerned	**274.6**	**23.4**	232.3	22.6
Tax effect of:				
– Non-deductible expenses	**85.8**	**7.3**	61.1	5.9
– Income not subject to tax	**(27.1)**	**(2.3)**	(34.1)	(3.3)
– Share of profits less losses of associated companies and joint ventures	**(94.0)**	**(8.0)**	(63.7)	(6.2)
– Effect on opening deferred tax of decrease in tax rate	**(12.1)**	**(1.0)**	10.5	1.0
– Others	**50.5**	**4.3**	155.5	15.1
Taxation at the Group's Effective Tax Rate	**277.7**	**23.7**	361.6	35.1
Taxation arising from continuing operations	**281.9**		341.6	
Taxation arising from a discontinued operation (Note 7(B))	**(4.2)**		20.0	
Total	**277.7**		361.6	

7. A Discontinued Operation

On 23 December 2020, Beacon PowerGen, a wholly-owned subsidiary company of MPIC, entered into a sale and purchase agreement to sell its 56% interest in GBPC to MGen, a wholly-owned subsidiary company of Meralco and an associated company of the Group, for a consideration of approximately Pesos 22.4 billion (US$454.7 million), which was subsequently adjusted to Pesos 21.2 billion (US$429.7 million) to reflect the dividend of Pesos 1.2 billion (US$25.0 million) received from GBPC by Beacon PowerGen in May 2021.

Accordingly, GBPC was classified as a disposal group held for sale as at 31 December 2020 and a discontinued operation for the years ended 31 December 2021 and 2020. Prior to the classification as a discontinued operation, the power generation business of GBPC was reported under the Group's infrastructure business segment and the Philippines geographical segment.

The transaction was approved by the Company's shareholders on 2 March 2021 and completed on 31 March 2021. 60% of the adjusted consideration was paid by MGen in cash upon the completion of the transaction. The balance of 40% of the adjusted consideration will be payable in cash in two equal instalments by MGen after six months and 18 months following the completion of the transaction. The first instalment was received in September 2021. The financial results of GBPC was deconsolidated and had been equity accounted for in the Group's Consolidated Financial Statements through the Group's investment in Meralco after the closing of the transaction.

(A) Details of the Deconsolidation of GBPC are Summarized as Follows:

US$ millions	2021
Consideration	
Cash and cash equivalents[(i)]	**366.2**
Accounts receivable, other receivables and prepayments[(ii)]	**83.9**
Total	**450.1**
Net Assets Deconsolidated	
Property, plant and equipment	**963.9**
Investments in associated companies and joint ventures	**89.0**
Other intangible assets	**47.0**
Deferred tax assets	**17.9**
Other non-current assets	**11.4**
Cash and cash equivalents	**156.5**
Short-term deposits with original maturity of more than three months	**6.0**
Restricted cash	**34.7**
Accounts receivable, other receivables and prepayments (Current)	**133.5**
Inventories	**44.5**
Accounts payable, other payables and accruals	**(123.1)**
Short-term borrowings	**(160.0)**
Provision for taxation	**(9.4)**
Long-term borrowings	**(394.4)**
Deferred liabilities, provisions and payables	**(43.6)**
Deferred tax liabilities	**(40.5)**
Total Net Assets Deconsolidated	**733.4**
Non-controlling interests in net assets deconsolidated	**(348.5)**
Total Share of Net Assets Deconsolidated	**384.9**
Gain on Deconsolidation	**65.2**
Net Cash Inflow as Presented in the Consolidated Statement of Cash Flows	**209.7**

(i) Represents cash consideration of US$368.4 million including the upfront 60% of adjusted consideration of US$257.8 million, dividend of US$25.0 million received in May 2021 and the first instalment receipt of US$85.6 million in September 2021, net of transaction costs paid of US$2.2 million

(ii) Represents the present value of instalment receivable to be received by MPIC in September 2022

(B) The Results of GBPC for the Period/Year are as Follows:

US$ millions	For the period from 1 January 2021 to 31 March 2021 (the date of deconsolidation)	For the year ended 31 December 2020
Turnover	**101.5**	425.7
Cost of sales and services	**(68.7)**	(274.3)
Gross Profit	**32.8**	151.4
Administrative expenses	**(7.0)**	(47.2)
Other operating expenses, net	**(0.4)**	(1.3)
Interest income	**0.1**	2.8
Finance costs	**(9.2)**	(35.4)
Share of profits less losses of associated companies and joint ventures	**3.1**	18.8
Profit from a Discontinued Operation	**19.4**	89.1
Gain on deconsolidation of a discontinued operation	**65.2**	–
Profit before Taxation from a Discontinued Operation (Note 4)	**84.6**	89.1
Taxation (Note 6)	**4.2**	(20.0)
Profit for the Period/Year from a Discontinued Operation	**88.8**	69.1

(C) The Net Cash Flows of GBPC for the Period/Year are as Follows:

US$ millions	For the period from 1 January 2021 to 31 March 2021 (the date of deconsolidation)	For the year ended 31 December 2020
Operating activities	**47.3**	112.4
Investing activities	**(3.4)**	(2.5)
Financing activities	**(22.2)**	(143.5)
Net Cash Inflow/(Outflow)	**21.7**	(33.6)

(D) The Major Class of Assets, Liabilities and Reserves of GBPC Classified as Held for Sale as at 31 December 2020 are as follows:

US$ millions	2020
Assets	
Property, plant and equipment (Note 11)	1,010.7
Investments in associated companies and joint ventures	105.0
Other intangible assets (Note 15)	49.2
Deferred tax assets (Note 19)	19.8
Other non-current assets	9.4
Cash and cash equivalents	138.6
Short-term deposits with original maturity of more than three months	14.8
Restricted cash	42.7
Accounts receivable, other receivables and prepayments (Current)	141.3
Inventories	50.5
Assets of a Disposal Group Classified as Held for Sale (Note 24)	1,582.0
Liabilities	
Accounts payable, other payables and accruals	129.0
Short-term borrowings (Note 34(I))	156.6
Provision for taxation (Note 27)	7.9
Long-term borrowings (Note 34(I))	437.2
Deferred liabilities, provisions and payables (Note 28)	64.2
Deferred tax liabilities (Note 19)	48.9
Liabilities Directly Associated with the Assets Classified as Held for Sale (Note 24)	843.8
Net Assets Directly Associated with the Disposal Group	738.2
Reserves	
Actuarial gains on defined benefit pension plans	1.1
Reserves Directly Associated with the Disposal Group	1.1

8. Profit Attributable to Owners of the Parent

The profit attributable to owners of the parent includes net foreign exchange and derivative losses of US$24.2 million (2020: gains of US$34.1 million), which represent the foreign exchange translation differences on the Group's unhedged foreign currency denominated net liabilities/assets and the changes in the fair values of derivatives, gain on changes in fair value of biological assets of US$1.8 million (2020: US$0.1 million) and non-recurring losses of US$70.8 million (2020: US$153.8 million).

Analysis of Foreign Exchange and Derivative (Losses)/Gains, Net

US$ millions	**2021**	2020
Subsidiary companies		
– Continuing operations (Note 5(A))	**(30.8)**	92.5
– A discontinued operation	**0.1**	(0.4)
	(30.7)	92.1
Associated companies and joint ventures	**(8.2)**	(0.7)
Subtotal (Note 4)	**(38.9)**	91.4
Attributable to taxation and non-controlling interests	**14.7**	(57.3)
Total	**(24.2)**	34.1

The non-recurring losses represent certain items, through occurrence or size, which are not considered as usual operating items. For the year ended 31 December 2021, non-recurring losses of US$70.8 million mainly represent the Group's impairment provisions for investments and network assets and provision for claims (US$88.6 million), and the Group's debt refinancing costs (US$5.7 million), partly offset by MPIC's gains on deconsolidation of GBPC (US$28.3 million) and disposal of DMT (US$9.4 million). For the year ended 31 December 2020, non-recurring losses of US$153.8 million mainly represent (a) the Group's impairment provisions for assets, including investments in RHI, goodwill, property, plant and equipment, deferred costs and others (US$74.1 million), loss on disposal of La Carlota assets (US$15.8 million) and debt refinancing costs (US$7.5 million), and (b) PLDT's manpower reduction costs (US$9.5 million) and accelerated amortization for Sun trademark (US$6.8 million), and PLP's provisions for take-or-pay obligation and onerous contracts (US$7.4 million).

9. Earnings Per Share Attributable to Owners of the Parent

The calculation of the basic earnings per share is based on the profit for the year attributable to owners of the parent, and the weighted average number of ordinary shares of 4,323.6 million (2020: 4,344.9 million) in issue less the weighted average number of ordinary shares held for a share award scheme of 6.4 million (2020: 6.1 million) during the year.

The calculation of the diluted earnings per share is based on the profit for the year attributable to owners of the parent, adjusted to reflect the dilutive impact of awarded shares 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 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 per share are based on:

US$ millions	**2021**	2020
Earnings		
Profit attributable to owners of the parent used in the basic and diluted earnings per share calculation		
Continuing operations	**300.5**	181.1
A discontinued operation	**32.8**	20.5
	333.3	201.6

Millions	**Number of shares 2021**	2020
Shares		
Weighted average number of ordinary shares issued during the year	**4,323.6**	4,344.9
Less: Weighted average number of ordinary shares held for a share award scheme	**(6.4)**	(6.1)
Weighted average number of ordinary shares used in the basic earnings per share calculation	**4,317.2**	4,338.8
Add: Dilutive impact of awarded shares on the weighted average number of ordinary shares	**5.2**	6.5
Weighted average number of ordinary shares used in the diluted earnings per share calculation	**4,322.4**	4,345.3

For the years ended 31 December 2021 and 2020, the effect of share options of the Company on the weighted average number of ordinary shares was anti-dilutive and therefore not included in the above calculation of diluted earnings per share.

10. Ordinary Share Distribution

	U.S. cents per ordinary share		US$ millions	
	2021	2020	**2021**	2020
Interim	**1.15**	0.90	**49.9**	39.2
Proposed final/final	**1.28**	0.96	**54.7**	41.8
Total	**2.43**	1.86	**104.6**	81.0

The proposed final distribution for the year ended 31 December 2021 is subject to the approval of the Company's shareholders at the forthcoming AGM.

11. Property, Plant and Equipment

	Right-of-use assets						
US$ millions	Land and buildings	Machinery and equipment	Freehold land and buildings	Machinery, equipment and vessels	Bearer plants	Construction in progress	**Total**
Cost							
At 1 January 2021	686.9	29.4	1,377.7	3,380.1	1,197.6	104.7	**6,776.4**
Exchange translation	(18.7)	(0.5)	(25.0)	(47.1)	(13.3)	(1.6)	**(106.2)**
Additions	26.4	9.2	55.6	128.6	50.2	137.5	**407.5**
Disposals	(24.9)	(0.7)	(5.3)	(27.0)	(12.6)	–	**(70.5)**
Reclassification[(i)]	–	–	22.3	124.1	–	(148.4)	**(2.0)**
At 31 December 2021	669.7	37.4	1,425.3	3,558.7	1,221.9	92.2	**7,005.2**
Accumulated Depreciation and Impairment							
At 1 January 2021	73.8	22.8	397.6	1,838.8	405.3	–	**2,738.3**
Exchange translation	(8.6)	(0.4)	(3.6)	(27.4)	(3.3)	–	**(43.3)**
Depreciation for the year	55.8	10.3	60.3	186.6	36.2	–	**349.2**
Impairment for the year (Note 5(A))	–	–	12.6	14.1	19.9	–	**46.6**
Disposals	(8.4)	(0.2)	(3.9)	(26.1)	–	–	**(38.6)**
At 31 December 2021	112.6	32.5	463.0	1,986.0	458.1	–	**3,052.2**
Net Carrying Amount at 31 December 2021	557.1	4.9	962.3	1,572.7	763.8	92.2	**3,953.0**

(i) Reclassification from freehold land to investment properties

US$ millions	Right-of-use assets: Land and buildings	Right-of-use assets: Machinery and equipment	Freehold land and buildings	Machinery, equipment and vessels	Bearer plants	Construction in progress	Total
Cost							
At 1 January 2020	559.4	19.0	1,214.2	4,396.0	1,164.5	159.9	7,513.0
Exchange translation	(0.6)	0.5	4.2	69.5	(15.1)	(3.7)	54.8
Additions	130.2	9.8	101.4	84.4	51.5	70.4	447.7
Acquisition of a subsidiary company	1.5	0.5	50.5	39.4	–	1.3	93.2
Disposals	(2.1)	(0.4)	(45.7)	(138.8)	–	(9.1)	(196.1)
Reclassification(i)	–	–	53.3	62.1	(3.3)	(115.4)	(3.3)
Reclassification from assets classified as held for sale	–	–	71.8	68.5	–	1.3	141.6
Other movements	–	–	(34.1)	5.1	–	–	(29.0)
Attributable to a discontinued operation (Note 7(D))	(1.5)	–	(37.9)	(1,206.1)	–	–	(1,245.5)
At 31 December 2020	686.9	29.4	1,377.7	3,380.1	1,197.6	104.7	6,776.4
Accumulated Depreciation and Impairment							
At 1 January 2020	36.8	11.2	362.4	1,789.4	374.5	–	2,574.3
Exchange translation	1.8	0.4	(2.3)	14.0	(4.1)	–	9.8
Depreciation for the year	36.8	11.4	53.2	286.4	34.9	–	422.7
Impairment for the year (Note 5(A))	–	–	–	24.0	–	–	24.0
Disposals	(0.3)	(0.2)	(10.1)	(46.3)	–	–	(56.9)
Other movements	–	–	(0.8)	–	–	–	(0.8)
Attributable to a discontinued operation (Note 7(D))	(1.3)	–	(4.8)	(228.7)	–	–	(234.8)
At 31 December 2020	73.8	22.8	397.6	1,838.8	405.3	–	2,738.3
Net Carrying Amount at 31 December 2020	613.1	6.6	980.1	1,541.3	792.3	104.7	4,038.1

(i) Reclassification from bearer plants to other non-current asset

For the year ended 31 December 2021, impairment losses of US$19.9 million, US$14.1 million and US$12.6 million were recognized in respect of the Group's rubber plantations, and property, plant and equipment for logistics, and sugar businesses, respectively.

For the year ended 31 December 2020, an impairment loss of US$24.0 million was recognized in respect of the property, plant and equipment for the Group's alcohol business.

Property, plant and equipment with a net carrying amount of US$584.1 million (2020: US$619.0 million) were pledged as security for certain of the Group's banking facilities (Note 26(E)).

12. Biological Assets

US$ millions	Timber plantations 2021	Timber plantations 2020	Agricultural produce of bearer plants 2021	Agricultural produce of bearer plants 2020	Total 2021	Total 2020
At 1 January	**22.2**	22.6	**55.7**	52.0	**77.9**	74.6
Exchange translation	**(0.3)**	(0.3)	**(0.6)**	(0.5)	**(0.9)**	(0.8)
Additions	**0.4**	0.8	**15.0**	17.4	**15.4**	18.2
Decreases due to harvest	**(0.1)**	(0.3)	**(15.8)**	(14.0)	**(15.9)**	(14.3)
Gain/(loss) on changes in fair value of biological assets, net	**0.8**	(0.6)	**7.1**	0.8	**7.9**	0.2
At 31 December	**23.0**	22.2	**61.4**	55.7	**84.4**	77.9
Presented as:						
Non-current Portion	**23.0**	22.2	**–**	–	**23.0**	22.2
Current Portion	**–**	–	**61.4**	55.7	**61.4**	55.7
Total	**23.0**	22.2	**61.4**	55.7	**84.4**	77.9

(A) The Group's biological assets primarily comprise timber plantations and unharvested agricultural produce of bearer plants owned by Indofood. For timber plantations, the Group appointed an independent valuer, Kantor Jasa Penilai Publik Benedictus Darmapuspita dan Rekan, to determine their fair values annually and any resultant gains or losses arising from the changes in fair values are recognized in profit or loss. The independent valuer measured the fair value of timber using a discounted cash flow model. For the unharvested agricultural produce of bearer plants, which mainly comprise FFB, latex, sugar cane and oil palm seeds, the Group has applied the actual harvest data subsequent to the year end and applicable market prices at year end to derive the fair value of FFB and latex, and discounted cash flow models to derive the fair values of sugar cane and oil palm seeds.

(B) Timber plantations – Key assumptions applied in determining the fair values of the timber plantations are as follows:

(a) Timber trees are available for harvest only once about eight years from initial planting.

(b) The discount rate used represents the asset specific rate for the Group's timber plantation operations which is applied in the discounted future cash flows calculation.

(c) The projected selling price of logs over the projection period are based on the actual domestic price of the produce which is extrapolated based on changes of plywood log price published by the World Bank.

(C) FFB and latex – Key assumptions applied in determining the fair values of FFB and latex are as follows:

(a) Estimated volume of subsequent harvest as of the reporting date.

(b) Selling prices of FFB and latex based on the market prices at the year end.

(D) Sugar cane – Key assumptions applied in determining the fair values of the sugar cane are as follows:

(a) Cane trees are available for annual harvest for 12 months after initial planting, and subsequently up to three more annual harvests.

(b) The discount rate used represents the asset specific rate for the Group's sugar cane which is applied in the discounted future cash flows calculation.

(c) The projected selling price of sugar over the projection period is based on the extrapolation of market prices and the forecasted price trend from the World Bank, but not exceeding the highest retail price imposed by the Ministry of Trade of Indonesia.

(E) Oil palm seeds – Key assumptions applied in determining the fair values of the oil palm seeds are as follows:

(a) Estimated volume of six months subsequent harvest as of the reporting date.

(b) The discount rate used represents the asset specific rate for the oil palm seed which is applied in the discounted future cash flows calculation.

(c) The projected selling price of oil palm seeds over the projection period is based on the extrapolation of market prices.

(F) The fair values of FFB and rubber agricultural produce are determined at Level 2 of the fair value hierarchy based on the applicable market prices applied to the estimated volume of the produce, while the Group's timber plantations, sugar cane and oil palm seeds are measured using fair value categorized within Level 3 of the fair value hierarchy. During the years ended 31 December 2021 and 2020, there were no transfers among Level 1, Level 2 and Level 3 fair value measurements. Key unobservable inputs used in determining the fair value of the Group's timber plantations, sugar cane and oil palm seeds under Level 3 fair value measurements are as follows:

Inputs	Range of Quantitative Inputs	Relationship between the Inputs and the Fair Value
Discount rate	Timber: 10.6% (2020: 10.8%) Sugar cane: 9.9% (2020: 10.4%) Oil palm seeds: 10.6% (2020: 11.4%)	An increase/a decrease in the discount rate would result in a decrease/an increase in the fair value of biological assets.
Selling price of processed agricultural produce	Timber: Rupiah 544,065/m^3 – Rupiah 3,067,911/m^3 (US$38.1/$m^3$ – US$215.0/$m^3$) (2020: Rupiah 492,522/$m^3$ – Rupiah 2,763,653/m^3 (US$34.9/$m^3$ – US$195.9/$m^3$)) Sugar cane: Rupiah 550,949/tonne (US$38.6/tonne) (2020: Rupiah 558,782/tonne (US$39.6/tonne)) Oil palm seeds: Rupiah 8,800/piece – Rupiah 9,000/piece (US$0.62/piece – US$0.63/piece) (2020: Rupiah 8,023/piece – Rupiah 8,800/piece (US$0.57/piece – US$0.62/piece))	An increase/a decrease in the commodity prices would result in an increase/ a decrease in fair value of biological assets.
Average production yield of agricultural produce	Timber: 87 m^3/hectare (2020: 94 m^3/hectare) Sugar cane: 75 tonnes/hectare (2020: 77 tonnes/hectare) Oil palm seeds: 805 pieces/bunch (2020: 747 pieces/bunch)	An increase/a decrease in production yields would result in an increase/a decrease in the fair value of biological assets.
Exchange rate	Rupiah 13,900/US$1 – Rupiah 14,350/US$1 (2020: Rupiah 14,200/US$1 – Rupiah 14,600/US$1)	An appreciation/a depreciation in the exchange rate of the rupiah against the US$ would result in a decrease/an increase in the fair value of biological assets in rupiah terms.
Inflation rate	3.0% (2020: 3.0%)	An increase/a decrease in the inflation rate would result in a decrease/an increase in fair value of biological assets.

(G) The unaudited non-financial measure and output of agricultural produce are as follows:

The Group has timber plantation concession rights which are valid until 2035 and 2049 (2020: 2035 and 2049). The total area of timber plantations as at 31 December 2021 was 15,466 hectares (2020: 15,955 hectares).

The physical quantities of agricultural produce of FFB, latex, sugar cane and oil palm seeds harvested from oil palm plantations, rubber plantations, cane plantations and mother palm plantations, respectively, during the year are as follows:

	Unit of measurement	**2021**	2020
FFB	Thousand tonnes	**2,761**	2,986
Latex	Thousand tonnes	**6**	8
Sugar cane	Thousand tonnes	**914**	895
Oil palm seeds	Million pieces	**6.9**	6.7

13. Associated Companies and Joint Ventures

	Associated companies		**Joint ventures**		**Total**	
US$ millions	**2021**	2020	**2021**	2020	**2021**	2020
Shares, at cost						
– Listed	**5,230.5**	5,384.2	**–**	–	**5,230.5**	5,384.2
– Unlisted	**1,020.4**	1,184.7	**234.1**	90.9	**1,254.5**	1,275.6
Share of post-acquisition reserves (Note 31)	**(1,162.6)**	(1,318.6)	**(56.2)**	(26.8)	**(1,218.8)**	(1,345.4)
Total	**5,088.3**	5,250.3	**177.9**	64.1	**5,266.2**	5,314.4

(A) At 31 December 2021 and 2020, both the listed and unlisted investments were located outside Hong Kong.

(B) At 31 December 2021, the aggregate market value of listed investments in associated companies was US$5,239.6 million (2020: US$5,020.0 million) based on quoted market prices. The dividends received from associated companies during the year ended 31 December 2021 amounted to US$230.3 million (2020: US$257.1 million).

(C) Additional details of the Group's major associated companies, PLDT and Philex, are set out on page 223.

(D) PLDT was incorporated under the laws of the Philippines on 28 November 1928 to provide telephone services in the Philippines. PLDT's charter was initially limited to a period of 50 years but has since been extended twice for 25 years each, the last extension being for an additional 25-year period ending in 2028. Under its amended charter, which became effective on 24 August 1991, PLDT is authorized to provide virtually every type of telecommunications services, both within the Philippines and between the Philippines and other countries. PLDT operates under the jurisdiction of the Philippine National Telecommunications Commission which jurisdiction extends, among other things, to approving major services offered by PLDT and certain rates charged by PLDT.

In October 2012, PLDT issued 150 million shares of Voting Preferred Stock with a par value of Peso 1 each to BTF Holdings, Inc., a company wholly-owned by the Board of Trustees for the Account of PLDT's Beneficial Trust Fund, which reduced the voting interest of the Group and its Philippine affiliates in PLDT from approximately 25.6% to approximately 15.1%. Nevertheless, the economic interests of the Group and its Philippine affiliates in PLDT remain at approximately 25.6%. Notwithstanding that the Group and its Philippine affiliates have less than a 20% voting interest in PLDT, the Group and its Philippine affiliates have sufficient representatives in PLDT's current 13-member board of directors to exercise significant influence over the operating and financial policy decisions of PLDT. Therefore, the Group continues to account for PLDT as an associated company after the said transaction.

(E) Philex was incorporated under the laws of the Philippines in 1955 to engage in mining activities. Philex is primarily engaged in large-scale exploration, development and utilization of mineral resources. Philex has operated for the past 63 years at the deposit at Padcal (Tuba Benguet Province, Island of Luzons) for producing gold, copper and silver as its main products and owns the deposits at Boyongan and Bayugo (Surigao del Norte, the Northern of Mindanao) (the Silangan Project), of which the definitive feasibility study for the deposit at Boyongan has been completed in July 2019. The Silangan Project commenced its pre-development in March 2022 under the In-Phase mine plan with lower initial development cost for the Boyongan deposit of US$224 million, down from US$745 million in the definitive feasibility study. Commercial operation of the Boyongan deposit is targeted to commence in 2025. In addition, Philex shall increase its interest in Kalayaan Copper Resources, Inc. from 5% to 60%, by solely funding all pre-development expenses of the deposit at Placer, Surigao del Norte.

(F) Meralco was incorporated under the laws of the Philippines in 1903 and was granted a franchise to provide electric power distribution services in the Philippines. In June 2003, Meralco was granted a new 25-year franchise to construct, operate, and maintain an electric distribution system in the cities and municipalities of Bulacan, Cavite, Metro Manila, and Rizal and certain cities, municipalities, and barangays in Batangas, Laguna, Pampanga, and Quezon. Meralco is subject to the rate-making regulations and regulatory policies of the Philippine Energy Regulatory Commission. Meralco also engaged in power generation business through its wholly owned subsidiary, MGen. MGen owns 100% interest of GBPC, the largest independent power producer in Visayas, beginning 31 March 2021.

(G) MPHHI was incorporated under the laws of the Philippines in 2004, and together with its subsidiary companies, associated companies and joint ventures, is the largest private hospital group in the Philippines and focused on delivering high-quality healthcare solutions to patients in the Philippines. MPHHI was originally a subsidiary company of the Group; however, it has become an associated company of the Group following the deconsolidation on 9 December 2019 upon the loss of control.

(H) The Group's associated companies and joint ventures are involved in certain legal, contractual and regulatory matters arising from the ordinary course of business. The management of the associated companies and joint ventures, together with their legal counsels, reassess these matters regularly to consider any new relevant information and estimates.

(I) Additional financial information under HKFRSs in respect of the Group's major associated companies measured using the equity method, PLDT, Philex, Meralco and MPHHI, is set out below.

	PLDT		Philex		Meralco		MPHHI	
For the year ended/at 31 December US$ millions	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020
Statements of Comprehensive Income								
Turnover	**3,915.3**	3,657.4	**198.5**	158.3	**6,453.5**	5,562.8	**411.1**	299.3
Profit for the year	**540.4**	496.7	**49.3**	24.8	**487.9**	326.3	**36.5**	6.8
Other comprehensive (loss)/income	**(74.0)**	(86.7)	**2.5**	1.6	**141.6**	(86.9)	**–**	(0.5)
Total Comprehensive Income	**466.4**	410.0	**51.8**	26.4	**629.5**	239.4	**36.5**	6.3
Dividends Received	**91.5**	84.1	**2.8**	0.4	**133.8**	156.3	**–**	–
Statements of Financial Position								
Current assets	**1,484.5**	1,820.9	**112.2**	71.7	**2,686.6**	2,673.5	**162.6**	135.4
Non-current assets	**10,821.2**	10,170.9	**708.5**	739.2	**6,890.4**	5,453.7	**647.0**	606.5
Current liabilities	**(4,399.0)**	(4,446.8)	**(261.3)**	(87.9)	**(3,168.0)**	(2,969.5)	**(145.6)**	(139.2)
Non-current liabilities	**(5,463.7)**	(5,053.0)	**(35.9)**	(218.5)	**(4,268.7)**	(3,476.5)	**(143.3)**	(89.2)
Non-controlling interests	**(86.2)**	(88.7)	**–**	–	**(200.8)**	(31.1)	**(124.2)**	(124.9)
Net Assets	**2,356.8**	2,403.3	**523.5**	504.5	**1,939.5**	1,650.1	**396.5**	388.6

Reconciliation to Carrying Amounts of the Group's Interests in the Major Associated Companies

	PLDT		Philex		Meralco		MPHHI	
At 31 December US$ millions	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020
Net assets	**2,356.8**	2,403.3	**523.5**	504.5	**1,939.5**	1,650.1	**396.5**	388.6
Economic interest	**25.6%**	25.6%	**46.2%**	46.2%	**45.5%**	45.5%	**20.0%**	20.0%
Group's share of net assets	**603.3**	615.2	**241.9**	233.1	**881.7**	750.8	**79.3**	77.7
Purchase price allocation and other adjustments	**599.2**	586.3	**(63.9)**	(72.2)	**1,830.6**	1,939.1	**252.7**	269.6
Carrying Amount of the Investment	**1,202.5**	1,201.5	**178.0**	160.9	**2,712.3**	2,689.9	**332.0**	347.3
Quoted Fair Value of the Investment	**1,962.8**	1,541.6	**243.8**	235.2	**2,966.0**	3,115.9	**N/A**	N/A

(K) Aggregate financial information of the Group's share of the amounts of its associated companies and joint ventures that are not individually material is set out below.

	Associated companies		Joint ventures	
For the year ended 31 December US$ millions	**2021**	2020	**2021**	2020
Share of profit for the year	**10.6**	14.9	**4.0**	8.5
Share of other comprehensive income/(loss)	**14.5**	(24.7)	**(33.6)**	(15.0)
Share of Total Comprehensive Income/(Loss)	**25.1**	(9.8)	**(29.6)**	(6.5)
Aggregate Carrying Amount of the Group's Investments	**663.5**	850.7	**177.9**	64.1

14. Goodwill

US$ millions	2021	2020
Cost		
At 1 January	**4,920.2**	1,192.2
Exchange translation	**(84.7)**	177.5
Acquisition of subsidiary companies	**–**	3,554.2
Other movements	**–**	(3.7)
At 31 December	**4,835.5**	4,920.2
Accumulated Impairment		
At 1 January	**553.9**	499.0
Exchange translation	**(20.2)**	17.4
Impairment for the year (Note 5(A))	**2.8**	37.5
At 31 December	**536.5**	553.9
Net Carrying Amount at 31 December	**4,299.0**	4,366.3
Attributable to the Businesses of:		
Indofood – Noodles	**3,660.4**	3,703.0
– Plantations	**221.2**	223.8
– Dairy	**112.3**	113.6
MPIC – Toll roads	**288.6**	305.7
Others	**16.5**	20.2
Total	**4,299.0**	4,366.3

(A) Goodwill is allocated to the Group's CGUs identified according to the reportable segments. Goodwill at 31 December 2021 and 2020 mainly related to (a) Indofood's businesses (principally noodles, plantations and dairy) which contributed to the Group's consumer food products business segment mainly located in the Middle East and Africa, and Indonesia, and (b) MPIC's businesses (principally toll roads) which contributed to the Group's infrastructure business segment located in the Philippines and Indonesia.

(B) In assessing the impairment for goodwill, the Group compares the carrying amounts of the CGUs to which goodwill has been allocated against their recoverable amounts (the higher of the CGUs' fair value less costs of disposal and their value in use). The recoverable amounts of Indofood's and MPIC's businesses have been determined based on value in use calculations, using cash flow projections covering periods from 5 years (for the established plantations and dairy companies) up to 10 years (for the noodles business and plantation estates in early development stage) (2020: 10 years for the plantation estates in early development stage) for Indofood's businesses, and 7 to 27 years (2020: 8 to 28 years) of the remaining concession lives for MPIC's toll road business. The discount rates applied to cash flow projections range from 9.5% to 23.2% (2020: 8.8% to 13.0%) for Indofood's businesses, and 12.1% to 16.7% (2020: 9.4% to 12.0%) for MPIC's toll road business. The discount rates used are pre-tax and reflect specific risks relating to the relevant businesses.

The purchase price allocation exercise for Indofood's noodles businesses was completed in August 2021. In the assessment of the recoverable amount of Indofood's noodles businesses at 31 December 2021, their values in use were calculated based on their cash flow projections as per the most recent financial budgets and forecasts, which management believes are reasonable and are management's best estimates of the ranges of economic conditions that will exist over the forecast period. The forecasted periods for Indofood's noodles business is more than five years, considering the noodles businesses are in the development stage in the countries (mainly Africa, the Middle East and Southeastern Europe) where Pinehill operates. The cash flows beyond the projection periods are extrapolated using an estimated terminal growth rate ranging from 0% to 3% which does not exceed the long-term average growth rate of the industry where Pinehill operates. At 31 December 2020, goodwill in relation to Indofood's noodles businesses arising from the acquisition of Pinehill of US$3,703.0 million was provisional as the purchase price allocation exercise had not yet been finalized. The assumptions used in the valuation for the acquisition were considered to be still valid and there were no triggering events which would indicate an impairment of goodwill.

In the assessment of the recoverable amount of Indofood's plantation businesses, the projected prices of CPO are based on the World Bank forecast for the projection period; the projected selling prices of RSS1 and other rubber products of the Group over the projection period are based on the extrapolation of historical selling prices and the forecasted price trend from the World Bank; the sugar prices used in the projection are based on the extrapolation of historical selling prices and the forecasted price trend from the World Bank, but not exceeding the highest retail price imposed by the Ministry of Trade of Indonesia; and, the projected selling price of logs over the projection period are based on actual domestic price of produce which is extrapolated based on changes of plywood log price published by World Bank. The forecasted periods for Indofood's plantation businesses in an early development stage are more than five years as the plantations, mainly comprising oil palm plantations, are either in an immature stage or early state of maturity and will only reach maturity in the fourth year. The cash flows beyond the projection periods are extrapolated using an estimated average terminal growth rates at 5.5% (2020: 3.0% to 5.3%) which does not exceed the long-term average growth rate of the industry in Indonesia where the businesses operate.

In the assessment of the recoverable amount of Indofood's dairy businesses, their values in use were calculated based on their cash flow projections as per the most recent financial budgets and forecasts, which management believes are reasonable and are management's best estimates of the ranges of economic conditions that will exist over the forecast period. The cash flows beyond the projection periods are extrapolated using an estimated terminal growth rate of 4.0% (2020: 5.0%) which does not exceed the long-term average growth rate of the industry in Indonesia where the businesses operate.

In the assessment of the recoverable amount of MPIC's toll road businesses, their values in use were calculated based on their cash flow projections as per the most recent financial budgets and forecasts, which management believes are reasonable and are management's best estimates of the ranges of economic conditions that will exist over the forecast period. The forecasted periods are more than five years as management can reliably estimate the cash flows for their entire concession periods. The cash flows during the projection periods are derived using estimated average growth rates ranging from 1.0% to 7.0% (2020: 2.5% to 4.8%) which do not exceed the long-term average growth rates of the industries in the Philippines and Indonesia where the businesses operate.

Changes to the assumptions used by management to determine the recoverable amounts, in particular the discount and growth rates, can have a significant impact on the results of the assessment. Management is of the opinion that no reasonably possible change in any of the key assumptions stated above would cause the carrying amounts of the goodwill for each of the CGUs to materially exceed the recoverable amounts.

For the year ended 31 December 2021, the Group recognized an aggregate impairment loss of US$2.8 million, mainly relating to MPIC's investment in Dibztech, Inc., which owns and operates the Dibz Mobile Application as a platform that allows drivers to search for, reserve and locate a parking space (2020: US$37.5 million, mainly relating to Indofood's plantations, PNW's water distribution, MPIC's logistics and RHI's alcohol businesses), as the recoverable amounts were lower than the carrying amounts.

15. Other Intangible Assets

US$ millions	Concession assets – Water distribution	Concession assets – Toll roads	Concession assets – Rail	Brands – Dairy	Brands, networks and licenses – Packaged drinking water	Customer list and licenses – Wastewater and sewage treatment	Vesting contract – Power	Software and others	**Total**
Cost									
At 1 January 2021	3,200.4	3,066.3	639.7	287.0	96.8	11.9	16.4	19.5	**7,338.0**
Exchange translation	(213.7)	(172.0)	(42.7)	(3.3)	(1.1)	(0.9)	(0.3)	(0.9)	**(434.9)**
Additions	210.1	378.0	162.9	–	–	–	–	4.0	**755.0**
At 31 December 2021	3,196.8	3,272.3	759.9	283.7	95.7	11.0	16.1	22.6	**7,658.1**
Accumulated Amortization and Impairment									
At 1 January 2021	935.4	228.4	–	180.6	37.9	2.9	11.3	14.2	**1,410.7**
Exchange translation	(57.6)	(10.6)	(3.9)	(2.1)	(0.5)	(0.5)	(0.2)	(0.6)	**(76.0)**
Amortization for the year	83.8	36.3	–	14.1	–	0.6	1.6	2.0	**138.4**
Impairment for the year (Note 5(A))	15.1	–	121.3	–	–	8.0	–	–	**144.4**
At 31 December 2021	976.7	254.1	117.4	192.6	37.4	11.0	12.7	15.6	**1,617.5**
Net Carrying Amount at 31 December 2021	2,220.1	3,018.2	642.5	91.1	58.3	–	3.4	7.0	**6,040.6**

US$ millions	Concession assets – Water distribution	Concession assets – Toll roads	Concession assets – Rail	Brands – Dairy	Brands, networks and licenses – Packaged drinking water	Customer list and licenses – Wastewater and sewage treatment	Bilateral and vesting contracts – Power	Software and others	Total
Cost									
At 1 January 2020	2,852.9	2,402.4	492.3	291.2	98.2	11.3	83.4	18.5	6,250.2
Exchange translation	159.8	127.0	30.4	(4.2)	(1.4)	0.6	4.0	0.8	317.0
Additions	180.3	536.9	117.0	–	–	–	–	1.0	835.2
Other movements	7.4	–	–	–	–	–	–	–	7.4
Attributable to a discontinued operation (Note 7(D))	–	–	–	–	–	–	(71.0)	(0.8)	(71.8)
At 31 December 2020	3,200.4	3,066.3	639.7	287.0	96.8	11.9	16.4	19.5	7,338.0
Accumulated Amortization and Impairment									
At 1 January 2020	807.7	190.2	–	167.2	38.3	2.0	27.6	12.5	1,245.5
Exchange translation	46.5	10.3	–	(1.8)	(0.5)	0.1	1.3	0.4	56.3
Amortization for the year	81.2	27.9	–	14.0	–	0.8	4.4	1.9	130.2
Impairment for the year (Note 5(A))	–	–	–	1.2	0.1	–	–	–	1.3
Attributable to a discontinued operation (Note 7(D))	–	–	–	–	–	–	(22.0)	(0.6)	(22.6)
At 31 December 2020	935.4	228.4	–	180.6	37.9	2.9	11.3	14.2	1,410.7
Net Carrying Amount at 31 December 2020	2,265.0	2,837.9	639.7	106.4	58.9	9.0	5.1	5.3	5,927.3

(A) Concession assets – Water distribution represents the exclusive rights granted to Maynilad, PNW, MPIWI, PHI, MIBWSC, PT SCTK and MPDW to provide water distribution, sewerage services and water production in the Philippines, Vietnam and Indonesia, and charge users for these services during their concession periods.

Additions to the concession assets for water distribution include costs of rehabilitation, construction costs, concession fees paid, payable for expansion projects and capitalized borrowing costs.

(a) Maynilad

In February 1997, Maynilad entered into a concession agreement with MWSS, with respect to the MWSS West Service Area. Under the concession agreement, MWSS grants Maynilad, the sole right to manage, operate, repair, decommission and refurbish all fixed and movable assets required to provide water and sewerage services in the West Service Area for 25 years ending in 2022. In September 2009, MWSS approved an extension of its concession agreement with Maynilad for another 15 years to 2037. The legal titles to all property, plant and equipment contributed to the existing MWSS system by Maynilad during the concession period remain with Maynilad until the expiration date at which time, all rights, titles and interests in such assets will automatically vest to MWSS.

Under the concession agreement, Maynilad is entitled to (a) an annual standard rate adjustment to compensate for increases in the consumer price index subject to a rate adjustment limit; (b) an extraordinary price adjustment to account for the financial consequences of the occurrence of certain unforeseen events subject to grounds stipulated in the concession agreement; and (c) a rate rebasing mechanism which allows rates to be adjusted every five years to enable Maynilad to efficiently and prudently recover expenditures incurred, Philippine business taxes and payments corresponding to debt services on concession fees and Maynilad loans incurred to finance such expenditure.

In October 2013, Maynilad disagreed with the rate rebasing adjustments proposed by MWSS for the fourth rate rebasing period from 2013 to 2017 and exercised its right under the concession agreement to file a notice of dispute with the Secretariat of the International Court of Arbitration in the Philippines for an arbitration. On 29 December 2014, the Appeals Panel of the International Court of Arbitration in the Philippines upheld the alternative rebasing adjustment of Maynilad regarding its tariff dispute with MWSS. However, MWSS refused to implement the final award notwithstanding Maynilad's repeated written demands for implementation.

On 11 December 2019, Maynilad received a letter from MWSS informing Maynilad that the MWSS Board of Trustees ("MWSS Board") passed a resolution in its special meeting on 5 December 2019 to revoke the extension of Maynilad's concession period from its original expiry in 2022 to 2037 (the "Subject Resolution"). Subsequently, when Maynilad formally asked MWSS and the Regulatory Office what the effect of the Subject Resolution is, the Regulatory Office stated that "as of to date, the 25-year Concession Agreement that covers the years 1997 to 2022 and the Memorandum of Agreement that provides for the 15-year extension of the concession period from year 2022 to 2037 have not yet been cancelled" in a letter to Maynilad dated 23 December 2019.

However, the Philippine government has still ordered a review and amendment to Maynilad's concession agreement. As a result, the rate adjustment of Pesos 1.95/cubic meter originally effective on 1 January 2020 was not implemented. Also, on 2 January 2020, Maynilad executed the Release From and Waiver of Claim on Arbitral Award ("Waiver") in favor of the Philippine government. In this Waiver, Maynilad waived its claim against the Philippine government for its accumulated revenues losses for the period from 11 March 2015 to 31 December 2017.

On 18 May 2021, MWSS and Maynilad signed a revised concession agreement ("RCA") which confirmed its concession period until 31 July 2037 and certain amendments were made. Key amendments include: (a) the imposition of a tariff freeze until 31 December 2022; (b) the exclusion of corporate income tax from the expenditures that could be recovered by Maynilad over the term of the concession; (c) no adjustment to the rates as may be prescribed by the MWSS Regulatory Office for the supply of water and sewerage services ("Standard Rates") due to foreign currency differential adjustment; (d) capping of the annual inflation factor to two-thirds of the consumer price index; (e) imposition of rate caps for water and sewerage services to 1.3x and 1.5x, respectively, of the applicable Standard Rates in prior periods; and (f) replacing the tariff rate-setting mechanism's market-driven appropriate discount rate with a 12% fixed nominal discount rate. As at the date of these financial statements, the RCA has not been effective as the letter of undertaking is still not issued by the Philippines government.

On 7 January 2022, Republic Act No. 11600 (the "Act"), which granted Maynilad a 25-year franchise (the "Franchise") was published in the Official Gazette of the Philippines and affirmed Maynilad's authority to provide waterworks system and sewerage and sanitation services in the West Zone Service Area of Metro Manila and the Province of Cavite of the Philippines. The Act has been effective since 22 January 2022. For details, please refer to Note 42(A) to the Consolidated Financial Statements.

(b) PNW

In September 2019, MPW increased its interest in PNW to 52.5% by acquiring an additional 7.5% interest and had started consolidation of PNW since then. Pursuant to a 50-year Build-Own-Operate contract with the Chu Lai Open Economic Zone Authority of Vietnam, PNW is licensed to develop a water supply system that will meet clean water demand in the Chu Lai Open Economic Zone, and urban areas, industrial zones and adjacent rural areas in Quang Nam province in Vietnam. PNW started to supply water in July 2019 and completed the construction of the first stage of Phase 1A of the water treatment plant, which has an initial capacity of 25 million liters per day, in 2021.

During the year ended 31 December 2021, impairment loss of US$15.1 million was recognized in respect of the concession assets for water distribution operated by PNW as COVID-19 suppressed water demand.

(c) MPIWI

On 13 November 2018, MPW entered into a joint venture agreement with Metro Iloilo Water District ("MIWD") for the rehabilitation, operation, maintenance and expansion of MIWD's existing water distribution system and construction of wastewater facilities (the "Project"). On 17 January 2019, MPIWI, 80% owned by MPW and 20% owned by MIWD, was established pursuant to the joint venture agreement. MPIWI shall implement the Project and will have the right to bill and collect tariff for the water supply and wastewater services provided to the customers in the service area of MIWD with an initial term of 25 years from commencement date. MPIWI commenced operations in July 2019.

(d) PHI

In August 2012, Maynilad acquired a 100% interest in PHI, which engages in the water distribution business in central and southern Luzon. PHI is granted the sole right to distribute water in these areas under certain concession agreements granted by the Philippine government for 25 years to 2035.

(e) MIBWSC

On 4 July 2016, pursuant to a joint venture agreement between MetroPac Iloilo Holdings Corporation, a wholly-owned subsidiary company of MPW, and MIWD of the Philippines, created and established MIBWSC, to implement a 170 MLD Bulk Water Supply Project ("BWS Project"). The BWS Project covers (i) the rehabilitation and upgrading of MIWD's existing 55 MLD water facilities, (ii) the expansion and construction of new water facilities to increase production to up to 115 MLD and (iii) delivery of contracted water demand to MIWD in accordance with the bulk water supply agreement. The BWS Project covers an initial 25-year period and shall be extended for an additional 25 years counted from the date of completion of the agreed upon expansion obligation, but in no event shall exceed an aggregate of 50 years. MIWD retains ownership of the existing facilities subject to the right of MIBWSC to access and use. MIBWSC in turn retains ownership of the new facilities but is required to hand back the BWS Project, including transfer of the full ownership of the new facilities, at the end of the concession period. On 5 July 2016, MIBWSC officially took over operations from the MIWD.

(f) PT SCTK

PT SCTK, a subsidiary company of PT Nusantara, was granted by the Indonesian government rights to treat and distribute clean water in the Serang District, Banten in Indonesia by (i) operating the existing water treatment plant with capacity of 9 MLD for a 30-year concession period from 1996 to 2026 and (ii) building and operating two additional water treatment plants with capacity of 15 MLD and 9 MLD, respectively, for a 25-year concession period from 2014 to 2039.

(g) MPDW
On 3 September 2019, MPW signed a joint venture agreement with Dumaguete City Water District ("DCWD"). Pursuant to the provisions set in the joint venture agreement, MPDW was incorporated on 22 October 2019 which is 80% owned by MPW and 20% owned by DCWD. MPDW shall implement the project and will have the right to bill and collect tariff for the water supply and wastewater services provided to the customers in the service area of DCWD. The joint venture agreement shall be effective for a term commencing on the commencement date and ending on the 25th anniversary thereof and may be renewed for another 25 years at the option of MPDW for as long as MPDW is not then in default under any of its material obligations under the joint venture agreement and provided, further, that the initial and renewal terms of joint venture agreement shall in no event exceed an aggregate of 50 years from commencement date. On 30 October 2019, MPDW signed a service contract agreement with DCWD. This grants MPDW the exclusive right and privilege to undertake the project. MPDW commenced operations on 1 February 2021.

(B) Concession assets – Toll roads represent the concession comprising the rights, interests and privileges to finance, design, construct, operate and maintain toll roads, toll facilities and other facilities generating toll-related and non-toll related income held by (a) NLEX Corporation in respect of the NLEX, SCTEX and Connector Road, (b) CIC in respect of CAVITEX, (c) MPCALA in respect of CALAX, (d) CCLEC in respect of CCLEX, (e) PT Jalan Tol Seksi Empat ("PT JTSE") in respect of Makassar Section IV Toll Road, (f) PT Bosowa Marga Nusantara ("PT BMN") in respect of Ujung Pandang Section I and II Toll Road, and (g) PT Bintaro Serpong Damai ("PT BSD") in respect of Pondok Aren – Serpong Toll Road during their concession periods.

Additions to the concession assets for toll roads include payments for both ongoing construction costs, preconstruction costs for various toll road projects and payable for new projects.

(a) NLEX Corporation's NLEX
In August 1995, First Philippine Infrastructure Development Corporation, the parent company of NLEX Corporation, entered into a joint venture agreement with Philippine National Construction Corporation ("PNCC"), in which PNCC assigned its rights, interests and privileges under its franchise to construct, operate and maintain toll facilities in the NLEX and its extensions, stretches, linkages and diversions in favour of NLEX Corporation, including the design, funding, construction, rehabilitation, refurbishing and modernization and selection and installation of an appropriate toll collection system therein during the concession period subject to prior approval by the President of the Philippines. In April 1998, the Philippine government, acting through the Philippines' Toll Regulatory Board ("TRB") as the grantor, PNCC as the franchisee and NLEX Corporation as the concessionaire, executed a Supplemental Toll Operation Agreement ("STOA") whereby the Philippine government recognized and accepted the assignment by PNCC of its usufructuary rights, interests and privileges under its franchise in favor of NLEX Corporation as approved by the President of the Philippines and granted NLEX Corporation concession rights, obligations and privileges including the authority to finance, design, construct, operate and maintain the NLEX project roads as toll roads commencing upon the date on which the STOA comes into effect until 31 December 2030 or 30 years after the issuance of the Toll Operation Permit for the last completed phase, whichever is earlier. In October 2008, the concession agreement was extended for another seven years to 2037. Pursuant to the STOA, NLEX Corporation is required to pay franchise fees to PNCC and to pay for the government's project overhead expenses based on certain percentages of construction costs and maintenance works on the project roads. Upon expiry of the concession period, NLEX Corporation shall handover the project roads to the Philippine government without cost, free from any and all liens and encumbrances and fully operational and in good working condition, including any and all existing land required, works, toll road facilities and equipment found therein directly related to and in connection with the operation of the toll road facilities.

(b) NLEX Corporation's SCTEX

On 9 February 2015, NLEX Corporation received a notice of award from the Philippine Bases Conversion and Development Authority ("BCDA") for the management, operation and maintenance of the 94-kilometer SCTEX subject to compliance with specific conditions. The notice of award was issued by the BCDA following the results of the price challenge held on 30 January 2015. On 26 February 2015, NLEX Corporation and the BCDA entered into a business agreement involving the assignment of the BCDA's rights and obligations relating to the management, operation and maintenance of SCTEX as provided in the SCTEX concession. The assignment includes the exclusive right to use the SCTEX toll road facilities and the right to collect toll until 30 October 2043. On 22 May 2015, the Supplementary Toll Operation Agreement was executed by and among the Philippine government and the BCDA and NLEX Corporation. At the end of the contract term, the SCTEX, as well as the as-built plans, specification and operation/repair/maintenance manuals relating to the same shall be turned over to the BCDA or its successor-in-interest. At a consideration of Pesos 3.5 billion (US$76.7 million) upfront cash payment, the operation and management of the SCTEX was officially turned over to NLEX Corporation on 27 October 2015. NLEX Corporation shall also pay the BCDA monthly concession fees amounting to 50% of the audited gross toll revenues of SCTEX for the relevant month from the effective date of 27 October 2015 to 30 October 2043.

(c) NLEX Corporation's Connector Road

On 23 November 2016, NLEX Corporation and the Philippine government acting through the Department of Public Works and Highways ("DPWH") signed a concession agreement for the design, financing, construction, operation and maintenance of the Connector Road. The Connector Road is a four lane toll expressway structure with a length of eight kilometers all passing through and above the right of way of the Philippine National Railways starting NLEX Segment 10 in C3 Road Caloocan City and seamlessly connecting to the South Luzon Expressway ("SLEX") through the Metro Manila Skyway Stage 3 Project. The concession period shall commence on the commencement date of its construction, and shall end on its thirty-seventh anniversary, unless otherwise extended or terminated in accordance with the concession agreement. The Connector Road Project, with an estimated project cost of Pesos 15.7 billion (US$307.8 million), commenced construction in February 2019 and is expected to be completed by 2023. At 31 December 2021, construction activities for the Connector Road Project are still in progress with completion rate of 68%.

Under the concession agreement, NLEX Corporation shall pay the DPWH periodic payments as the consideration for the grant of the right of way for the project.

(d) CIC's CAVITEX

Pursuant to a toll operation agreement and an operations and maintenance agreement which CIC signed in November 1996 and 2006, respectively with the Philippine Reclamation Authority and the TRB of the Philippines, CIC was responsible for the design, financing, construction and supervision of the operation and maintenance of CAVITEX. The concession for CAVITEX extends to 2033 for its R-1 Expressway and to 2046 for its R-1 Extension. Upon expiry of the concession period, CIC shall hand over the project roads to the Philippine government. In July 2019, the first section of CAVITEX's C-5 Link Expressway, the 2.2-kilometer flyover crossing SLEX traversing Taguig and Pasay City, was opened.

(e) MPCALA's CALAX

On 10 July 2015, MPCALA signed a concession agreement for the CALAX Project with DPWH of the Philippines. Under the concession agreement, MPCALA is granted the concession to design, finance, construct, operate and maintain the CALAX, including the right to collect toll fees, over a 35-year concession period (including construction period). The CALAX is a closed-system tolled expressway connecting the CAVITEX and the SLEX. The CALAX Project was awarded to MPCALA following a competitive public bidding process where MPCALA was declared as the highest complying bidder with its offer to pay the Philippine government concession fees amounting to Pesos 27.3 billion (US$535.3 million) over nine years, 20% of Pesos 5.5 billion (US$120.6 million) was settled upon signing of the concession agreement. On 3 July 2017, MPCALA commenced the construction works for the project which is expected to be completed and fully operational by 2023. In October 2019, the first 10.7-kilomter of the CALAX, a portion of the CALAX Laguna Segment, was opened. On 6 July 2020, MPCALA paid the second tranche of CALAX concession fee amounting to Pesos 4.4 billion (US$88.3 million) to DPWH. The next scheduled payment of CALAX concession fee is in 2023.

(f) CCLEC's CCLEX
On 3 October 2016, CCLEC, the Cebu City and Municipality of Cordova (as the grantors) signed the concession agreement for the CCLEX. CCLEX consists of the main alignment starting from the Cebu South Coastal Road and ending at the Mactan Circumferential Road, inclusive of interchange ramps aligning the Guadalupe River, the main span bridge, approaches, viaducts, causeways, low-height bridges, at-grade road, toll plazas and toll operations center.

Under the concession agreement, CCLEC is granted the concession to design, finance, construct, operate and maintain the CCLEX, including the right to collect toll fees over a 35-year concession period (including construction period). CCLEX is estimated to cost Pesos 32.8 billion (US$643.1 million). No upfront payments or concession fees are to be paid but the grantors shall share 2% of the project's revenue. On 4 July 2018, CCLEC commenced the construction works for the project which is expected to be completed by the second quarter of 2022. At 31 December 2021, construction activities for CCLEX are still in progress with completion rate of 92%.

(g) PT JTSE's Makassar Section IV Toll Road
In May 2006, PT JTSE, a subsidiary company of PT Nusantara, entered into a toll road concession agreement with the Department of Public Works of Indonesia ("DPU") as the concessionaire of Makassar Section IV Toll Road. Under the concession agreement, DPU appointed and assigned PT JTSE to develop and operate the toll road on behalf of the Indonesian government, and to conduct toll road management at its own risk and cost for a concession period of 35 years including the construction period to 2041. PT JTSE has started to operate the toll road since 2008. At the expiry of the concession period, PT JTSE should hand over the toll road to The Toll Road Authority of Indonesia ("BPJT") of DPU.

(h) PT BMN's Ujung Pandang Section, I and II Toll Road
On 31 August 2010, PT BMN, a subsidiary company of PT Nusantara, entered into a toll road concession agreement with BPJT of DPU. Under the concession agreement, BPJT appointed and granted PT BMN rights to operate Ujung Pandang Sections I and II Toll Road with a concession period until 12 April 2028. On 23 October 2017, PT BMN obtained Minister Decree from DPU, which granted an amendment for the toll road concession plans for Ujung Pandang Sections I and II with a concession period extended until 12 April 2043.

(i) PT BSD's Pondok Aren – Serpong Toll Road
On 31 August 2010, PT BSD, a subsidiary company of PT Nusantara, entered into a toll road concession agreement with BPJT of DPU. Under the concession agreement, BPJT appointed and granted PT BSD rights to operate Pondok Aren – Serpong Toll Road with a concession period until 1 October 2028.

NLEX Corporation and CIC derive substantially all of their revenues from toll collections from the users of the toll roads. The concession agreements establish toll rate formulas and adjustment procedures for setting the appropriate toll rates. Subject to the TRB of the Philippines validating and approving the calculation of the toll rate adjustments in accordance with the formulas, toll rate adjustments for NLEX, SCTEX and CAVITEX are scheduled periodically.

As at the date of these financial statements, the Philippine government has not yet implemented the toll rate adjustments for NLEX Corporation and CIC in respect of NLEX, SCTEX and CAVITEX which should have been effective from 1 January 2017, 1 January 2019 and 1 January 2021 for NLEX, 1 January 2013, 1 January 2014, 1 January 2016 and 1 January 2017 for SCTEX, 1 January 2012, 1 January 2015, 1 January 2018 and 1 January 2021 for CAVITEX's R-1 Expressway, and 1 January 2014, 1 January 2018 and 1 January 2021 for CAVITEX's R-1 Extension.

In April 2016, NLEX Corporation and CIC each issued a notice of arbitration and statement of claim to the Philippine government, through the TRB, to obtain compensation for TRB's inaction on lawful toll rate adjustments which were overdue. On 7 September 2021, NLEX Corporation and CIC received notice of the final rulings of the Permanent Court of Arbitration of the Philippines ("Tribunal") in their respective arbitration cases filed against the Philippine Government. The Tribunal rejected NLEX Corporation's claim for compensation and terminated CIC's case. Accordingly, there is no compensation to NLEX Corporation and CIC for foregone revenue losses arising from overdue toll rate adjustments.

On 5 March 2019, NLEX Corporation received the TRB's order to publish the adjusted toll rates for NLEX (the "Order"). The Order contains the adjusted authorized toll prices for the entire NLEX, incorporating the first tranche of the approved final periodic adjustments for the whole NLEX due in 2013 and 2015 constituting 50% of the approved adjustment (with the remaining adjustments to be implemented in subsequent years), and the provisional add-on toll rate for the NLEX open system due to the opening of the NLEX Harbor Link Project (Segments 9 and 10). The second tranche and third tranche of the approved periodic adjustments were implemented on 9 October 2020 and 6 May 2021, respectively. On 29 March 2019, the TRB also granted a toll rate adjustment of Peso 0.51/km for SCTEX in relation to a petition filed by BCDA in 2011. However, CIC has yet to receive regulatory approval for all the petitions filed on the periodic toll rate adjustments. NLEX Corporation and CIC are in constructive discussions with the Philippine government to resolve overdue toll rate adjustments.

(C) Concession assets – Rail represents concession comprising the exclusive right during the concession period to operate and maintain the current LRT1 system, collect farebox revenue and construct the LRT1 Extension.

Additions to the concession assets for rail include costs of rehabilitation of the current LRT1 system, and the construction activities for the LRT1 Extension.

On 2 October 2014, LRMC signed together with the Department of Transportation ("DOTr") and the Light Rail Transit Authority ("LRTA") (the "grantors") a concession agreement for the Light Rail Transit Line 1 Cavite Extension and Operations & Maintenance Project ("LRT1 Project"). Under the concession agreement, LRMC will operate and maintain the existing 20.7-kilometer LRT1 ("Existing System") and construct an 11.7-kilometer extension from the present end-point at Baclaran to the Niog area in Bacoor, Cavite. A total of eight new stations will be built along the extension, which traverses the cities of Parañaque and Las Piñas up to Bacoor, Cavite. The concession agreement is for a period of 32 years commencing from the effective date of 12 September 2015 when LRMC took over of the LRT1 operations.

In accordance with the LRT1 Project concession agreement, LRMC is entitled to the reimbursement of the unavoidable increment costs that it will incur to restore the Existing System to the level necessary to meet all of the baseline Existing System Requirements ("ESR") as certified by an independent consultant. Further, LRMC is entitled to compensation for the cost incurred for restoration of the structural defect ("SDR") as certified by an independent consultant. LRMC is also entitled to receive compensation from the grantors if the grantors do not make available a minimum of 100 light rail vehicles ("LRVs") on the effective date of the turnover of the system. On the turnover date of the system on 12 September 2015, LRMC only received 72 LRVs.

On various dates in 2015 through 2021, LRMC submitted letters to the DOTr and the LRTA representing its claim for ESR and SDR costs, and LRV shortfall on the premise of the grantor's obligation in relation to the condition of the Existing System prior or as of the effective date of the turnover of the system by the grantors to LRMC. In addition, LRMC requested the grantors compensation for the revenue loss arising from the grantors' implementation of fare increases below the concession agreement fares. The above claims were still undergoing discussion as at the date of these financial statements.

The rehabilitation works of Existing System are substantially completed and received safety certificate from assessor in January 2022. Accordingly, LRMC starts to amortize the concession assets relating to the Existing System.

At 31 December 2021, construction activities for LRT1 Cavite Extension project are still in progress with completion rate of 68%.

During the year ended 31 December 2021, impairment loss of US$121.3 million was recognized in respect of the concessions assets of LRT1 Project. The impairment loss arose mainly due to the delay in tariff adjustments as stipulated in the concession agreement. The key assumptions used to determine the recoverable amount are detailed in Note 15(I).

(D) Brands – Dairy represent the brands, with a useful life of 20 years, held by PT Indolakto for its various milk-related products, which include Indomilk, Cap Enaak, Tiga Sapi, Kremer, Indoeskrim and Milkuat.

During the year ended 31 December 2020, impairment loss of US$1.2 million was recognized in respect of the brand name of Milkuat due to intense competition.

(E) Brands, networks and licenses – Packaged drinking water represent (i) the registered brand name, CLUB, (ii) the distribution and customer networks, and (iii) the water licenses of Indofood's packaged drinking water business.

The brands, networks and licenses are determined to have indefinite useful lives as (i) the brands and licenses can be renewed indefinitely at no significant costs; (ii) Indofood has the intention to renew the brands and maintain the licenses and networks indefinitely; and (iii) no significant expenses are expected to be incurred to maintain the future economic benefits that can be generated from these assets.

In assessing the impairment for brands, networks and licenses with indefinite useful life, the Group compares the carrying amounts of the intangible assets against their recoverable amounts (the higher of the assets' fair value less costs of disposal and their value in use).

The recoverable amounts of brands, networks and licenses have been determined based on value-in-use calculations using cash flow projections as per the most recent financial budgets and forecasts, which management believes are reasonable and are management's best estimates of the ranges of economic conditions that will exist over the forecast period of 10 years for brands (2020: 10 years) and 5 years for the licenses (2020: 5 years). The forecast period is more than five years for brands to reflect a legal life of 10 years which may be renewed upon expiration at minimal cost. The discount rate applied to cash flow projections ranged from 10.4% to 12.6% (2020: 10.3% to 11.9%), which reflects the weighted average cost of capital. The cash flows beyond the projection periods are extrapolated using an estimated terminal growth rate of 5.0% (2020: 5.0%) which does not exceed the long-term average growth rate of the industry in Indonesia where the businesses operate.

During the year ended 31 December 2020, impairment losses of US$0.1 million were recognized in respect of certain water licenses under Indofood's packaged drinking water business since some of the licenses were not extended.

(F) Customer list and licenses – Wastewater and sewage treatment represents ESTII's customer relationship, contracts and licenses for intellectual property rights over patents and utility models.

During the year ended 31 December 2021, impairment loss of US$8.0 million was recognized for ESTII's customer list and licenses due to intense competition.

(G) Vesting contract – Power represents an agreement entered into between PLP and a Singapore government agency, which requires PLP to sell electricity at a specified volume and a specified price to the agency over a period of 10 years from 1 July 2013 to 30 June 2023.

(H) The useful lives for amortization:

Concession assets – Water distribution	– Maynilad	Remaining concession life of 29 years since acquisition in 2008
	– PNW	Remaining concession life of 44 years since completion of its construction in 2021
	– MPIWI	Concession life of 25 years since commencement in 2019
	– PHI	Remaining concession life of 23 years since acquisition in 2012
	– MIBWSC	Concession life of 36 years subsequent to the completion of its rehabilitation in 2019 and expansion expected in 2030
	– PT SCTK	Remaining concession life of 8 years (for the existing water treatment plant) and 21 years (for the additional water treatment plants) since acquisition in 2018
	– MPDW	Concession life of 25 years since the commencement in 2021
Concession assets – Toll roads	– NLEX	Remaining concession life of 29 years since acquisition in 2008
	– SCTEX	Concession life of 28 years since acquisition in 2015
	– Connector Road	Remaining concession life of 33 years subsequent to the completion of its construction expected in 2023
	– CAVITEX	Remaining concession life of 21 years (for the R-1 Expressway) and 34 years (for the R-1 Extension) since acquisition in 2013
	– CALAX	Remaining concession life of 27 years subsequent to the completion of its construction expected in 2023
	– CCLEX	Remaining concession life of 29 years subsequent to the completion of its construction expected in 2022
	– PT JTSE	Remaining concession life of 23 years since acquisition in 2018
	– PT BMN	Remaining concession life of 25 years since acquisition in 2018
	– PT BSD	Remaining concession life of 10 years since acquisition in 2018
Concession assets – Rail		Remaining concession life of 26 years subsequent to the completion of the rehabilitation works of its existing LRT1 system expected in 2022 and 23 years subsequent to the completion of its construction of the LRT1 Extension expected in 2025
Brands – Dairy		20 years
Brands, networks and licenses – Packaged drinking water		Indefinite
Customer list and licenses – Wastewater and sewage treatment		20 years
Vesting contract – Power		10 years
Software		3 to 5 years

(I) The capitalized costs and the respective key assumptions used to determine the recoverable amounts for the other intangible assets not yet available for use are summarized below:

	Toll roads		Rail		Water distribution	
	2021	2020	**2021**	2020	**2021**	2020
Capitalized cost (US$ millions)	**1,592.7**	1,358.8	**759.9**	639.7	**58.9**	57.5
Net carrying value (US$ millions)	**1,203.8**	968.2	**575.1**	567.0	**37.5**	57.5
Average growth rate (%)	**5.4 to 12.4**	1.0 to 15.7	**4.8**	6.0	**7.6 to 9.2**	7.4 to 15.7
Average forecast period (years)	**26 to 35**	26 to 36	**26**	27	**24 to 33**	34 to 45
Pre-tax discount rate (%)	**11.0 to 12.3**	10.1 to 11.2	**11.4**	10.9	**11.1 to 11.4**	9.0 to 11.3

At 31 December 2021, the aggregate capitalized costs of these intangible assets of US$2,411.5 million (2020: US$2,056.0 million) was included in the costs of concession assets of toll roads, rail and water distribution. For the purpose of impairment testing as at 31 December 2021 and 2020, the carrying amounts that were compared to their recoverable amounts were the net carrying values, which were capitalized costs net of the present value of the related future concession fees payment that formed part of the initial costs of these concession assets. The average growth rate represents expected growth in traffic for the toll roads business, ridership for the rail business and billed volume for the water distribution business. The average forecast period is consistent with the period covered by the concession agreements.

16. Investment Properties

US$ millions	2021	2020
At 1 January	**9.3**	13.4
Exchange translation	**(0.6)**	0.4
Gain/(loss) on changes in fair value of investment properties	**0.4**	(0.7)
Disposals	**–**	(3.9)
Reclassification[(i)]	**2.0**	0.1
At 31 December	**11.1**	9.3

(i) Reclassification from property, plant and equipment (2020: assets classified as held for sale)

The Group's investment properties comprise lands being leased out under operating leases to earn rental income and vacant land held for the purpose of capital appreciation. The fair values of the investment properties are measured annually using the market comparison approach by reference to recent sales and other market data of comparable properties which is publicly available, as determined by professionally qualified independent appraisers. The fair value measurement for the investment properties has been categorized as Level 2. There was no transfer between the fair value hierarchy during the year.

At 31 December 2021, land included in investment properties with an aggregate carrying amount of US$3.0 million (2020: US$3.0 million) was right-of-use assets.

17. Accounts Receivable, Other Receivables and Prepayments

US$ millions	2021	2020
Accounts receivable	**732.6**	679.7
Other receivables	**590.2**	387.3
Prepayments	**60.5**	70.8
Total	**1,383.3**	1,137.8
Presented as:		
Non-current Portion	**55.5**	63.9
Current Portion	**1,327.8**	1,073.9
Total	**1,383.3**	1,137.8

(A) The carrying amounts of accounts receivable, other receivables and prepayments approximate their fair values.

(B) At 31 December 2021, included in other receivables was US$23.5 million (2020: US$21.9 million) of unbilled revenue arising from the Group's provision of services under the infrastructure segment. The balance is expected to be reclassified to accounts receivable within one year when the rights to consideration become unconditional.

(C) An aging profile based on the invoice dates of accounts receivable, net of loss allowance, is analyzed below:

US$ millions	2021	2020
0 to 30 days	**550.8**	431.8
31 to 60 days	**96.9**	113.1
61 to 90 days	**32.3**	38.7
Over 90 days	**52.6**	96.1
Total	**732.6**	679.7

(D) The movements in the loss allowance for impairment of accounts receivable are as follows:

US$ millions	2021	2020
At 1 January	**41.7**	41.4
Exchange translation	**(1.9)**	1.6
Amount written off as uncollectible	**(4.5)**	(15.5)
Charge for the year	**3.1**	30.5
Attributable to a discontinued operation	**–**	(16.3)
At 31 December	**38.4**	41.7

(E) An impairment analysis is performed using a provision matrix to measure expected credit losses for accounts receivable and contract assets attributable to the consumer food products business and infrastructure business, respectively. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region, product type, customer type and rating, and coverage by letters of credit or other forms of credit insurance). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, accounts receivable are written off if past due for more than one year and are not subject to enforcement activity.

Set out below is the information about the credit risk exposure on the Group's accounts receivable and contract assets attributable to the consumer food products business and infrastructure business using the corresponding provision matrix:

		Past due				
Consumer Food Products Business	Current	0 to 30 days	31 to 60 days	61 to 90 days	Over 90 days	**2021 Total**
Expected credit loss rate	0%	0.2%	0.4%	2.1%	57.5%	**2.5%**
Gross carrying amounts (US$ millions)						
– accounts receivable	417.4	85.2	23.5	9.5	22.8	**558.4**
Expected credit losses (US$ millions)	0.1	0.2	0.1	0.2	13.1	**13.7**

		Past due				
Infrastructure Business	Current	0 to 30 days	31 to 60 days	61 to 90 days	Over 90 days	**2021 Total**
Expected credit loss rate	0.5%	3.1%	6.7%	12.5%	36.6%	**10.5%**
Gross carrying amounts (US$ millions)						
– accounts receivable	105.0	28.8	13.4	7.2	58.2	**212.6**
– contract assets	23.5	–	–	–	–	**23.5**
Expected credit losses (US$ millions)	0.7	0.9	0.9	0.9	21.3	**24.7**

		Past due				
Consumer Food Products Business	Current	0 to 30 days	31 to 60 days	61 to 90 days	Over 90 days	2020 Total
Expected credit loss rate	0%	0%	0%	0%	29.2%	2.1%
Gross carrying amounts (US$ millions)						
– accounts receivable	315.9	91.9	28.7	13.4	34.3	484.2
Expected credit losses (US$ millions)	–	–	–	–	10.0	10.0

		Past due				
Infrastructure Business	Current	0 to 30 days	31 to 60 days	61 to 90 days	Over 90 days	2020 Total
Expected credit loss rate	1.7%	5.4%	42.1%	26.0%	26.4%	12.2%
Gross carrying amounts (US$ millions)						
– accounts receivable	109.7	27.7	10.7	10.4	78.7	237.2
– contract assets	21.9	–	–	–	–	21.9
Expected credit losses (US$ millions)	2.2	1.5	4.5	2.7	20.8	31.7

(F) As the Group's accounts receivable and contract assets relate to a large number of diversified customers, there is no concentration of credit risk.

(G) Accounts and other receivable with an aggregate carrying amount of US$151.5 million (2020: US$76.8 million) were pledged as security for certain of the Group's banking facilities (Note 26(E)).

18. Financial Assets at Fair Value Through Other Comprehensive Income

US$ millions	**2021**	2020
Listed investments, at fair value:		
– Equity investments – Overseas	**328.4**	276.9
Unlisted investments, at fair value:		
– SMECI's notes	**121.7**	125.3
– Investment funds – Overseas	**80.8**	–
– Equity investments – Overseas	**30.7**	23.0
– Club debentures - Hong Kong	**4.5**	4.1
Total	**566.1**	429.3
Presented as:		
Non-Current Portion	**361.1**	426.0
Current Portion	**205.0**	3.3
Total	**566.1**	429.3

The above equity investments were irrevocably designated at FVOCI as the Group considers these investments to be strategic in nature. Dividend income from these investments during the year ended 31 December 2021 amounted to US$13.1 million (2020: US$5.4 million) (Note 5(A)).

The fair values of the listed equity investments are based on quoted market prices. The fair value of the unlisted investment in SMECI's notes and unlisted investment funds are estimated by reference to valuations of the underlying assets supplied by independent sources. The fair values of the unlisted equity investments and club debentures have been estimated by discounted cash flow models and by reference to recent market transaction prices, respectively. The Directors believe that the estimated fair values by reference to the above bases, which are recorded in the carrying amounts of the financial assets at FVOCI, and the related changes in fair values, which are recorded directly in the Group's other comprehensive income, are reasonable, and that they were the most appropriate values at the end of the reporting period.

19. Deferred Tax

The movements in deferred tax assets and deferred tax liabilities during the year are as follows:

US$ millions	Tax losses carry forward	Credit loss allowance	Liabilities for employee retirement benefits	Others	Total
Deferred Tax Assets					
At 1 January 2020	46.4	6.5	90.3	13.2	156.4
Exchange translation	(1.4)	0.1	(0.2)	1.5	–
(Charged)/credited to the consolidated income statement	(17.3)	1.8	(5.7)	0.8	(20.4)
Charged to other comprehensive income	–	–	(7.1)	–	(7.1)
Acquisition of subsidiary companies (Note 34(H))	–	0.4	–	0.6	1.0
Attributable to a discontinued operation (Note 7(D))	–	–	(6.5)	(13.3)	(19.8)
At 31 December 2020	27.7	8.8	70.8	2.8	110.1
At 1 January 2021	27.7	8.8	70.8	2.8	**110.1**
Exchange translation	(0.4)	(0.3)	(1.5)	(0.1)	**(2.3)**
(Charged)/credited to the consolidated income statement	(13.9)	(1.1)	7.6	0.3	**(7.1)**
Charged to other comprehensive income	–	–	(13.7)	–	**(13.7)**
At 31 December 2021	**13.4**	**7.4**	**63.2**	**3.0**	**87.0**

US$ millions	Allowance in excess of related depreciation of property, plant and equipment	Changes in fair value of biological assets	Brands	Withholding taxes on undistributed earnings of subsidiary and associated companies	Others	Total
Deferred Tax Liabilities						
At 1 January 2020	(169.1)	(12.5)	(29.3)	(39.9)	(173.1)	(423.9)
Exchange translation	(2.1)	0.2	0.8	(0.4)	(14.0)	(15.5)
Credited/(charged) to the consolidated income statement	6.3	1.4	7.5	(9.0)	7.5	13.7
Credited to other comprehensive income	–	–	–	–	0.7	0.7
Acquisition of subsidiary companies (Note 34(H))	(1.0)	–	–	–	–	(1.0)
Attributable to a discontinued operation (Note 7(D))	–	–	–	–	48.9	48.9
Reclassification from held for sale	–	–	–	–	(24.6)	(24.6)
Other movements	–	–	–	2.6	–	2.6
At 31 December 2020	(165.9)	(10.9)	(21.0)	(46.7)	(154.6)	(399.1)
At 1 January 2021	(165.9)	(10.9)	(21.0)	(46.7)	(154.6)	**(399.1)**
Exchange translation	5.8	0.2	0.1	(0.6)	0.5	**6.0**
Credited/(charged) to the consolidated income statement	7.3	(1.9)	1.5	(38.8)	46.9	**15.0**
Charged to other comprehensive income	–	–	–	–	(7.9)	**(7.9)**
Other movements	–	–	–	9.2	–	**9.2**
At 31 December 2021	**(152.8)**	**(12.6)**	**(19.4)**	**(76.9)**	**(115.1)**	**(376.8)**

Pursuant to the income tax laws of the Philippines and Indonesia, withholding taxes of 5% to 15% are levied on dividends declared to foreign investors. Singapore has a one-tier corporate tax system whereby tax charged at the corporate level is the final tax. Dividends paid by Singapore resident companies under the one-tier corporate tax system are exempted from further Singapore tax in the hands of shareholders.

The Group had fully recognized the deferred tax liabilities for the withholding taxes that would be payable on unremitted earnings that are subject to withholding taxes of its associated companies established in the Philippines. However, except for those earnings to be distributed as dividends, no deferred tax liabilities had been recognized for withholding taxes that would be payable on the unremitted earnings of the Group's subsidiary companies established in the Philippines and Indonesia. In the opinion of the Directors, it is not probable that these subsidiary companies will distribute such earnings in the foreseeable future. The aggregate amount of temporary differences associated with investments in subsidiary companies in the Philippines and Indonesia for which deferred tax liabilities have not been recognized amounted to approximately US$52.1 million at 31 December 2021 (2020: US$46.0 million).

Deferred tax assets are recognized in respect of tax losses carried forward to the extent that realization of the related tax benefits through future taxable profit is probable. The Group has tax losses arising from Singapore of US$367.3 million (2020: US$417.2 million), the Philippines of US$678.4 million (2020: US$603.0 million) and Indonesia of US$53.5 million (2020: US$108.7 million) that may be carried forward indefinitely for Singapore, three years for the Philippines (except for tax losses in 2020 and 2021 which are allowed to carry over for five years as a result of COVID-19 relief measure) and five years for Indonesia, respectively, for offsetting against future taxable profits of the companies in which the losses arose.

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

20. Restricted Cash

At 31 December 2021, the Group's restricted cash balance mainly represents cash of US$41.3 million (2020: US$41.4 million) set aside mainly to cover principal and interest payments of certain borrowings in compliance with loan agreements, and US$12.1 million (2020: US$8.8 million) held under margin accounts by brokers against open future contracts for hedging purpose.

21. Other Non-current Assets

US$ millions	**2021**	2020
Deposits for acquisition of property, plant and equipment	**201.0**	191.9
Prepayments	**166.8**	144.6
Plasma receivables	**92.6**	110.9
Deferred project costs	**22.1**	64.1
Long-term deposits	**14.6**	20.6
Claims for tax refund	**6.4**	7.8
Others	**159.5**	147.6
Total	**663.0**	687.5

(A) The deposits for acquisition of property, plant and equipment are mainly attributable to Indofood.

(B) The prepayments mainly represent MPIC's advances to contractors for construction projects.

(C) The plasma receivables represent the accumulated costs to develop FFB which are currently self-financed by Indofood less the funds received from banks, and advances made by Indofood to plasma farmers in relation to arrangements for the farmers' production of FFB.

(D) The deferred project costs comprise costs directly attributable to the acquisition of service concessions prior to the commencement of concession terms.

(E) The long-term deposits mainly represent MPIC's deposits paid to contractors for repair and maintenance of its toll roads.

(F) The claims for tax refund relate to the tax payment made in advance by Indofood in respect of importation of raw materials which is creditable against Indofood's corporate income tax payable.

22. Cash and Cash Equivalents and Short-term Deposits

US$ millions	2021	2020
Cash at banks and on hand	**2,252.1**	1,353.8
Short-term time deposits	**957.2**	1,024.0
Total	**3,209.3**	2,377.8

(A) Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term time deposits are made for varying periods depending on the immediate cash requirements of the Group, and earn interest at the respective short-term time deposit rates. The bank balances and time deposits are deposited with creditworthy banks with no history of default. The carrying amounts of the cash and cash equivalents and short-term deposits approximate their fair values.

(B) Cash and cash equivalents of US$44.3 million (2020: US$16.9 million) were charged to banks in accordance with the terms of certain of the Group's banking facilities (Note 26(E)).

23. Inventories

US$ millions	2021	2020
Raw materials	**588.2**	511.6
Work in progress	**17.0**	11.9
Finished goods	**344.9**	312.1
Total	**950.1**	835.6

(A) At 31 December 2021, inventories with an aggregate carrying amount of US$119.7 million (2020: US$127.9 million) were carried at net realizable value.

(B) During the year ended 31 December 2021, net write-downs of inventories to net realizable value amounted to US$7.0 million (2020: US$13.0 million) (Note 5(C)).

(C) At 31 December 2021, inventories with an aggregate carrying amount of US$21.3 million (2020: US$20.0 million) were pledged as security for certain of the Group's banking facilities (Note 26(E)).

24. Assets Classified as Held for Sale and Liabilities Directly Associated with the Assets Classified as Held for Sale

US$ millions	2021	2020
Assets Classified as Held for Sale		
Assets of a disposal group classified as held for sale	–	1,582.0
Liabilities Directly Associated with the Assets Classified as Held for Sale	–	843.8

(A) The balances at 31 December 2020 represented the carrying amounts of assets and liabilities of GBPC. Details of these assets and liabilities are set out in Note 7(D) to the Consolidated Financial Statements.

(B) At 31 December 2020, assets classified as held for sale with an aggregate carrying amount of US$978.8 million were pledged as security for certain of the Group's banking facilities (Note 26(E)).

25. Accounts Payable, Other Payables and Accruals

US$ millions	2021	2020
Accounts payable	563.7	420.6
Accrued expenses	691.7	696.8
Other payables	405.5	435.4
Total	**1,660.9**	1,552.8

The aging profile based on the invoice dates of accounts payable is analyzed as follows:

US$ millions	2021	2020
0 to 30 days	466.8	347.2
31 to 60 days	18.9	12.4
61 to 90 days	20.9	13.1
Over 90 days	57.1	47.9
Total	**563.7**	420.6

All of the accounts payable, other payables and accruals are expected to be settled within one year. The carrying amounts of the Group's accounts payable, other payables and accruals approximate their fair values.

26. Borrowings

US$ millions	Effective interest rate (%)	Maturity	Notes	2021	2020
Short-term					
Bank loans	0.3–8.8 (2020: 0.5–9.0)	2022 (2020: 2021)		1,505.6	1,568.1
Other loans	8.8 (2020: 5.1)	2022 (2020: 2021)	(A)	140.1	91.6
Subtotal				1,645.7	1,659.7
Long-term					
Bank loans	1.3–8.8 (2020: 0.9–12.5)	2023–2037 (2020: 2022–2037)	(B)	5,880.0	7,830.2
Other loans	3.5–4.8 (2020: 4.5–8.8)	2023–2052 (2020: 2022–2028)	(C)	3,602.7	1,143.7
Subtotal				9,482.7	8,973.9
Total				**11,128.4**	10,633.6

The maturity profile of the Group's borrowings is as follows:

	Bank loans		Other loans		Total	
US$ millions	2021	2020	2021	2020	2021	2020
Not exceeding one year	1,505.6	1,568.1	140.1	91.6	1,645.7	1,659.7
More than one year but not exceeding two years	403.4	867.3	357.1	0.6	760.5	867.9
More than two years but not exceeding five years	2,353.3	3,359.4	128.6	753.8	2,481.9	4,113.2
More than five years	3,123.3	3,603.5	3,117.0	389.3	6,240.3	3,992.8
Total	**7,385.6**	9,398.3	**3,742.8**	1,235.3	**11,128.4**	10,633.6

The carrying amounts of the borrowings are denominated in the following currencies:

US$ millions	2021	2020
U.S. dollar	**4,696.6**	3,572.6
Peso	**4,390.1**	4,551.3
Rupiah	**1,470.5**	1,544.3
S$	**459.8**	522.8
Others	**111.4**	442.6
Total	**11,128.4**	10,633.6

An analysis of the carrying amounts of borrowings into fixed and variable interest rates is as follows:

US$ millions	2021	2020
Fixed interest rate	**7,853.2**	5,595.8
Variable interest rate	**3,275.2**	5,037.8
Total	**11,128.4**	10,633.6

The carrying amounts and fair values of the non-current portion of long-term borrowings are as follows:

	Carrying amounts		Fair values	
US$ millions	2021	2020	2021	2020
Bank loans	**5,880.0**	7,830.2	**5,950.4**	8,451.5
Other loans	**3,602.7**	1,143.7	**3,724.6**	1,224.5
Total	**9,482.7**	8,973.9	**9,675.0**	9,676.0

The fair values are based on published price quotations for listed bonds issued by the Group and projected cash flows discounted using the borrowing rates ranging from 1.1% to 11.8% (2020: 1.1% to 7.5%) for the other fixed interest rate borrowings. The carrying amounts of the Group's variable interest rate borrowings approximate their fair values due to frequent repricing.

The carrying amounts of the short-term borrowings approximate their fair values. Details of the borrowings are set out below:

(A) Short-term Other Loans

The balance as at 31 December 2021 represented unsecured Rupiah bonds of Rupiah 2.0 trillion (US$140.1 million) (2020: US$141.6 million) issued by Indofood in May 2017, with a coupon rate of 8.7% per annum, are payable quarterly, and will mature in May 2022. The bonds were classified under long-term other loans as at 31 December 2020.

The balance as at 31 December 2020 represented unsecured Peso bonds of Peso 4.4 billion (US$91.6 million) issued by NLEX Corporation in March 2014, with a coupon rate of 5.07% per annum, which were payable quarterly, and matured in March 2021.

(B) Long-term Bank Loans

The balance at 31 December 2021 included unsecured bank loans of US$729.8 million (with a face value of US$735.0 million) (2020: US$606.1 million (with a face value of US$610.0 million)) drawn for refinancing purpose by wholly-owned subsidiary companies of the Company, guaranteed by the Company, which are repayable between May 2024 and June 2029 (2020: between January 2022 and June 2029).

(C) Long-term Other Loans

The balance at 31 December 2021 mainly included bonds issued by wholly-owned subsidiary companies of the Company, ICBP and NLEX Corporation. Details are summarized as follows:

(a) Unsecured bonds of US$357.1 million (with a face value of US$357.8 million) (2020: US$356.6 million (with a face value of US$357.8 million)) issued by FPC Treasury Limited in April 2013, with a coupon rate of 4.5% per annum, are payable semi-annually, and will mature in April 2023. The bonds are guaranteed by the Company.

During the year ended 31 December 2020, the Company repurchased US$1.0 million of the above-mentioned bonds at an aggregate consideration of US$1.0 million. These repurchased bonds were subsequently canceled.

(b) Unsecured bonds of US$348.3 million (with a face value of US$350.0 million) (2020: US$348.0 million (with a face value of US$350.0 million)) issued by FPC Resources Limited in September 2020, with a coupon rate of 4.375% per annum, are payable semi-annually, and will mature in September 2027. The bonds are guaranteed by the Company.

(c) Unsecured bonds of US$1,141.7 million (with a face value of US$1,150.0 million) issued by ICBP in June 2021, with a coupon rate of 3.398% per annum, are payable semi-annually, and will mature in June 2031.

(d) Unsecured bonds of US$595.6 million (with a face value of US$600.0 million) issued by ICBP in June 2021, with a coupon rate of 4.745% per annum, are payable semi-annually, and will mature in June 2051.

(e) Unsecured bonds of US$595.5 million (with a face value of US$600.0 million) issued by ICBP in October 2021, with a coupon rate of 3.541% per annum, are payable semi-annually, and will mature in April 2032.

(f) Unsecured bonds of US$397.0 million (with a face value of US$400.0 million) issued by ICBP in October 2021, with a coupon rate of 4.805% per annum, are payable semi-annually, and will mature in April 2052.

(g) Unsecured Peso bonds of Pesos 2.6 billion (US$50.7 million) (2020: US$53.7 million) issued by NLEX Corporation in March 2014, with a coupon rate of 5.5% per annum, are payable quarterly, and will mature in March 2024.

(h) Unsecured Peso bonds of Pesos 4.0 billion (US$77.8 million) (2020: US$82.1 million) issued by NLEX Corporation in July 2018, with a coupon rate of 6.64% per annum, are payable quarterly, and will mature in July 2025.

(i) Unsecured Peso bonds of Pesos 2.0 billion (US$39.0 million) (2020: US$41.0 million) issued by NLEX Corporation in July 2018, with a coupon rate of 6.9% per annum, are payable quarterly, and will mature in July 2028.

The balance at 31 December 2020 also included unsecured bonds of US$120.2 million (with a face value of US$120.5 million) issued by FPC Capital Limited in May 2018, with a coupon rate of 5.75% per annum, were payable semi-annually and guaranteed by the Company, and would mature in May 2025. These bonds were early redeemed in November 2021 at an aggregated consideration of US$123.6 million. During the year ended 31 December 2020, the Company also repurchased US$54.5 million of the above-mentioned bonds at an aggregate consideration of US$57.5 million. These repurchased bonds were subsequently canceled.

(D) Current Portion of Long-term Borrowings

The balance of short-term borrowings also included:

(a) Current portion of long-term borrowings of US$693.6 million (2020: US$517.9 million).

(b) At 31 December 2021, MPT South Management Corporation ("MPTSMC")'s, a wholly-owned subsidiary of MPTC, long term borrowings of US$13.2 million were reclassified as current liabilities as MPTSMC did not meet the minimum debt-to-equity ratio and debt service coverage ratio set out in its loan agreement. MPTSMC received waiver subsequently on 18 January 2022.

(E) Charges on Group Assets

At 31 December 2021, certain bank and other borrowings (2020: 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, and inventories (2020: including certain assets classified as held for sale) amounting to net book values of US$801.1 million (2020: US$1,711.5 million) and the interests of the Group's 55% (2020: 55%) in LRMC, 100% (2020: 100%) in MPCALA, 100% (2020: 100%) in CCLEC, 35% (2020: 35%) in PT Jakarta Lingkar Baratsatu, 88.9% (2020: 88.9%) in PT BSD, 99.5% (2020: 99.5%) in PT BMN, 99.4% (2020: 99.4%) in PT JTSE, 61.2% (2020: 61.2%) in PT Inpola Meka Energi, 70% (2020: 70%) in PLP, and nil (2020: 56%) in GBPC.

27. Provision for Taxation

US$ millions	**2021**	2020
At 1 January	**180.6**	97.3
Exchange translation	**(2.9)**	4.6
Provision for taxation on estimated assessable profits for the year	**289.8**	354.9
Taxes paid	**(319.6)**	(285.8)
Acquisition of subsidiary companies (Note 34(H))	**–**	17.5
Attributable to a discontinued operation (Note 7(D))	**–**	(7.9)
At 31 December	**147.9**	180.6

An analysis of the taxes paid for the years ended 31 December 2021 and 2020 by geographical market is set out below:

US$ millions	**2021**	2020
Indonesia	**223.2**	147.9
The Philippines	**63.8**	119.5
Others	**32.6**	18.4
Total	**319.6**	285.8

28. Deferred Liabilities, Provisions and Payables

US$ millions	Lease liabilities	Long-term liabilities	Pension	Loans from non-controlling shareholders	Others	**2021**	2020
At 1 January	74.9	1,346.8	513.5	230.0	540.0	**2,705.2**	2,077.8
Exchange translation	(2.0)	(35.4)	(7.5)	(1.6)	(32.6)	**(79.1)**	87.8
Additions	18.0	56.3	63.9	8.5	203.3	**350.0**	321.7
Payment and utilization	(38.6)	(80.2)	(118.9)	(67.7)	(31.1)	**(336.5)**	(393.4)
Acquisition of subsidiary companies (Note 34(H))	–	–	–	–	–	**–**	675.5
Attributable to a discontinued operation (Note 7(D))	–	–	–	–	–	**–**	(64.2)
At 31 December	52.3	1,287.5	451.0	169.2	679.6	**2,639.6**	2,705.2
Presented as:							
Non-current Portion	39.0	616.0	451.0	43.4	319.9	**1,469.3**	2,111.3
Current Portion	13.3	671.5	–	125.8	359.7	**1,170.3**	593.9
Total	52.3	1,287.5	451.0	169.2	679.6	**2,639.6**	2,705.2

The lease liabilities represent the present value of future lease payments in relation to the Group's right-of-use assets. The maturity analysis of lease liabilities is disclosed in Note 40(B)(c) to the Consolidated Financial Statements.

The long-term liabilities mainly relate to (a) ICBP's retention amount payable for its acquisition of 100% interest in Pinehill in August 2020, which is subject to a profit guarantee adjustment and due in April 2022, (b) MPCALA's concession fees payable to the Philippine government in respect of CALAX, (c) NLEX Corporation's concession fees payable to the Philippine government in respect of Connector Road, (d) Maynilad's concession fees payable to MWSS, including a provision for certain additional concession fees payable and related interest amounts in dispute between Maynilad and MWSS, recognized by the Group upon its acquisition of Maynilad, (e) LRMC's concession fees payable to the Philippine government in respect of LRT1, (f) MPIWI's concession fees payable to the Philippine government in respect of Metro Iloilo Water District and (g) MPDW's concession fees payable to the Philippine government in respect of Dumaguete City Water District.

In respect of ICBP's retention amount payable, under the shares sale and purchase agreement, the sellers have undertaken a profit guarantee that if the actual average audited consolidated net profit after tax of Pinehill for the years ended 31 December 2020 and 2021, respectively, is less than 95% of the guaranteed profit, i.e. US$128.5 million, a price adjustment will be triggered to reduce the retention amount and the adjustment is based on the whole shortfall, multiplied by the price earnings multiple of 23 times. The retention amount payable was initially recognized at fair value at the acquisition date and subsequently measured at FVPL. In respect of the disputed amounts between Maynilad and MWSS, no final resolution has been reached at 31 December 2021.

The pension relates to accrued liabilities in relation to defined benefit retirement schemes and long service payments.

The loans from non-controlling shareholders represent unsecured loans provided by non-controlling shareholders of FPM Power, and subsidiary companies of IndoAgri and Pinehill (31 December 2020: FPM Power, PLP and subsidiary companies of IndoAgri and Pinehill).

The others mainly represent (a) Maynilad's real property tax payables on certain common purpose facilities, (b) a financial liability recognized by MPIC in relation to a put option held by Sumitomo Corporation ("Sumitomo") in respect of 34.9% interest in MPLRC (see below), (c) provisions for various claims and potential claims against the Group, (d) estimated tax warranties and indemnities in relation to the disposal of a 40.1% interest and a 56.0% interest in MPHHI and GBPC in December 2019 and March 2021, respectively, (e) contract liabilities, (f) contractual obligations of NLEX Corporation and CIC to restore their service concession assets to a specified level of serviceability during their service concession periods and to maintain these assets in good conditions prior to the handover of these assets to the Philippine government at the end of their concession periods, (g) the Group's payables on LTIP and retirement allowance, and (h) derivative liabilities arising from fuel swaps, interest rate swaps, electricity futures and foreign currency forwards.

On 28 May 2020, MPIC entered into an agreement with Sumitomo to divest its 34.9% interest in MPLRC, which holds a 55% interest in LRMC, to Sumitomo. The agreement also contains a call option of MPIC that allows MPIC to purchase all of Sumitomo's MPLRC shares, and a put option of Sumitomo that allows Sumitomo to sell all of its MPLRC shares to MPIC, in the event of a deadlock (following unsuccessful mediation procedures) and in the event of MPIC's or Sumitomo's default on its obligations under the agreement. As a result, MPIC recognized a financial liability at the present value of the amount payable on exercise of the put option by Sumitomo, which is determined based on the fair value of MPLRC shares. At 31 December 2021, the financial liability amounting to US$76.2 million (2020: US$74.3 million) was recognized in relation to the put option and included in the current portion of deferred liabilities, provisions and payables, and the carrying amount of Sumitomo's non-controlling interests in MPLRC was derecognized with the resulting differences recorded in equity.

At 31 December 2021, US$39.8 million (2020: US$34.6 million) of receipt in advance from customers relates to export sales of CPO, upfront payments for water connection and installation fees and the unused portion of toll fees received in advance through the electric toll collection system. The obligations to the customers are expected to be fulfilled within one year, except for the obligations in relation to water connection and installation fees to be fulfilled over the remaining concession period. The increase in the balance in 2021 was mainly due to the increase in upfront payments and advances received from customers in relation to water connection and installation services, and CPO prices, respectively.

At the end of the reporting period, certain subsidiary companies are parties to other cases and claims arising from the ordinary course of business filed by third parties, which are either pending decisions by the courts or are subject to settlement agreements. The outcome of these claims cannot be presently determined. In the opinion of the Directors and/or legal counsels, the eventual liability from these lawsuits or claims, if any, will not have a material adverse effect on the Consolidated Financial Statements. Other disclosures required by HKAS 37 were not provided as it may prejudice the Group's position in ongoing claims, litigations and assessments.

29. Share Capital

US$ millions	2021	2020
Authorized		
6,000,000,000 (2020: 6,000,000,000) ordinary shares of U.S. 1 cent each	**60.0**	60.0
Issued and fully paid		
At 1 January	**43.4**	43.4
Repurchase and cancelation of shares	**(0.6)**	–
At 31 December		
4,279,113,044 (2020: 4,344,931,044) ordinary shares of U.S. 1 cent each	**42.8**	43.4

On 30 March 2021, the Company's Board of Directors approved a three-year share repurchase program to buy back up to US$100.0 million of First Pacific shares by way of "open market repurchases" commencing 31 March 2021 and ending 31 March 2024. During the year ended 31 December 2021, the Company repurchased 65,818,000 ordinary shares (2020: Nil) listed on SEHK at an aggregate consideration of HK$185.1 million (US$23.8 million) (2020: Nil). These shares have been subsequently canceled. It is anticipated that the repurchases are beneficial to all shareholders by enhancing the value of the Company's shares. Details of the repurchases are summarized as follows:

Month of repurchases	Number of ordinary shares repurchased	Purchase price paid per share Highest HK$	Purchase price paid per share Lowest HK$	Aggregate consideration paid HK$ millions	Aggregate consideration paid US$ millions
April 2021	5,534,000	2.74	2.55	14.6	1.9
May 2021	6,292,000	2.71	2.58	16.7	2.2
June 2021	9,910,000	2.93	2.55	26.7	3.4
July 2021	5,746,000	2.80	2.68	15.8	2.0
September 2021	7,980,000	3.00	2.67	22.6	2.9
October 2021	4,750,000	3.17	2.68	13.9	1.8
November 2021	10,748,000	3.10	2.87	32.1	4.1
December 2021	14,858,000	2.95	2.79	42.7	5.5
Total	**65,818,000**	**3.17**	**2.55**	**185.1**	**23.8**

30. Shares Held for Share Award Scheme

The Company and its subsidiary company operate share award schemes for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Particulars of the share award schemes are set out below:

(A) Particulars of the Company's Share Award Scheme

	Number of allocated shares held for Purchase Awards	Number of allocated shares held for Subscription Award	Number of unallocated shares held for Purchase Awards	Shares held for Share Awards Scheme US$ millions
At 1 January 2020	5,420,522	3,167,096	–	(3.2)
Purchased	3,228,000	–	–	(1.0)
Vested and transferred	(3,708,843)	(1,055,697)	–	1.8
At 31 December 2020	4,939,679	2,111,399	–	(2.4)
At 1 January 2021	4,939,679	2,111,399	–	**(2.4)**
Purchased	3,435,010	–	254,990	**(1.3)**
Vested and transferred	(3,708,843)	(1,055,697)	–	**1.7**
At 31 December 2021	**4,665,846**	**1,055,702**	**254,990**	**(2.0)**

For the Purchase Awards, during the year ended 31 December 2021, the independent trustee managing the Company's share award scheme purchased 3,690,000 shares (2020: 3,228,000 shares) of the Company at an aggregate consideration of HK$9.9 million (US$1.3 million) (2020: HK$7.1 million (US$1 million)) from the open market at the cost of the Company. The unallocated 254,990 shares can be granted to eligible employees in the future.

For the Subscription Awards, during the years ended 31 December 2021 and 2020, there was no subscription of new shares by the independent trustee managing the Company's share award scheme.

Particulars of the share awards of the Company granted to the Directors and senior executives of the Company at 31 December 2021 and 2020 are set out below:

(a) The Company's Purchase Awards

	Shares granted and unvested shares held at 1 January 2021	Shares vested and transferred during the year	**Shares granted and unvested shares held at 31 December 2021**	Grant date	Vesting period(i)
Executive Director					
Christopher H. Young, *Chief Financial Officer*	3,220,566	(1,610,283)	**1,610,283**	8 April 2019	April 2020 to April 2022
Independent Non-executive Directors					
Prof. Edward K.Y. Chen, *GBS, CBE, JP*	638,000	(319,000)	**319,000**	8 April 2019	April 2020 to April 2022
Margaret Leung Ko May Yee, *SBS, JP*	638,000	(319,000)	**319,000**	8 April 2019	April 2020 to April 2022
Philip Fan Yan Hok	638,000	(319,000)	**319,000**	8 April 2019	April 2020 to April 2022
Blair Chilton Pickerell	957,000	–	**957,000**	25 March 2020	March 2022 to March 2023
Senior Executives	2,283,123	(1,141,560)	**1,141,563**	8 April 2019	April 2020 to April 2022
Total	8,374,689	(3,708,843)	**4,665,846**		

(i) The vesting periods of the awarded shares are as follows:
(a) For the 2019 grant, the shares would be vested in three equal tranches from the first to the third year after the shares are granted.
(b) For the 2020 grant, the shares would be vested in two equal tranches in the second and the third year after the shares are granted.

	Shares granted and unvested shares held at 1 January 2020	Shares granted during the year	Shares vested and transferred during the year	Shares granted and unvested shares held at 31 December 2020	Grant date	Vesting period(ii)
Executive Director						
Christopher H. Young, *Chief Financial Officer*	4,830,849	–	(1,610,283)	3,220,566	8 April 2019	April 2020 to April 2022
Independent Non-executive Directors						
Prof. Edward K.Y. Chen, *GBS, CBE, JP*	957,000	–	(319,000)	638,000	8 April 2019	April 2020 to April 2022
Margaret Leung Ko May Yee, *SBS, JP*	957,000	–	(319,000)	638,000	8 April 2019	April 2020 to April 2022
Philip Fan Yan Hok	957,000	–	(319,000)	638,000	8 April 2019	April 2020 to April 2022
Blair Chilton Pickerell(iii)	–	957,000	–	957,000	25 March 2020	March 2022 to March 2023
Senior Executives	3,424,683	–	(1,141,560)	2,283,123	8 April 2019	April 2020 to April 2022
Total	11,126,532	957,000	(3,708,843)	8,374,689		

(ii) The vesting periods of the awarded shares are as follows:
(a) For the 2019 grant, the shares would be vested in three equal tranches from the first to the third year after the shares are granted.
(b) For the 2020 grant, the shares would be vested in two equal tranches in the second and the third year after the shares are granted.

(iii) Mr. Blair Chilton Pickerell was appointed as an Independent Non-executive Director with effect from 25 March 2020.

(b) The Company's Subscription Awards

	Shares granted and unvested shares held at 1 January 2021	Shares vested and transferred during the year	**Shares granted and unvested shares held at 31 December 2021**	Grant date	Vesting period[i]
Senior Executives	2,111,399	(1,055,697)	**1,055,702**	8 April 2019	April 2020 to April 2022

(i) The awarded shares would be vested in three equal tranches from the first to the third year after the shares are granted.

	Shares granted and unvested shares held at 1 January 2020	Shares vested and transferred during the year	Shares granted and unvested shares held at 31 December 2020	Grant date	Vesting period[ii]
Senior Executives	3,167,096	(1,055,697)	2,111,399	8 April 2019	April 2020 to April 2022

(ii) The awarded shares would be vested in three equal tranches from the first to the third year after the shares are granted.

On 19 March 2013, the Board resolved to adopt a share award scheme (the "Share Award Scheme"), which has a validity period of 15 years. Directors and Employees of the Group are eligible to participate. Under the Share Award Scheme, the Board can select grantees of awards and determine the number of the Company's shares (the "Shares") to be awarded. An independent trustee (the "Trustee") has been appointed to administer the Share Award Scheme. The Trustee will, depending on the form of the awards made, either subscribe for new Shares to be issued by the Company at the relevant benchmarked price as stipulated in the Listing Rules or purchase existing Shares on the SEHK, in each case, at the cost of the Company. Those Shares purchased and held by the Trustee were not canceled. The Trustee will hold the Shares on trust for the grantees of awards, until the Shares become vested. The awards vest progressively over the vesting period, provided that the relevant grantee remains employed by the Group. Vested Shares will be transferred to the grantees at no cost. Directors of the Group are not eligible to be granted awards of new Shares to be subscribed by the Trustee and issued by the Company, but are eligible to be granted awards of existing Shares to be purchased by the Trustee. The Share Award Scheme also limits the aggregate number of Shares that may be awarded to no more than three percent of the outstanding shares of the Company.

On 8 April 2019, 12,083,532 share awards were granted as Purchase Awards and 3,167,096 share awards were granted as Subscription Awards under the Company's Share Award Scheme. The average fair value of shares granted as calculated by Towers Watson Hong Kong Limited, by adjusting the closing share price at the grant date by the present value of expected dividend payments during the vesting period, was HK$2.72 per share or an aggregate value of US$5.3 million for all shares granted. The assumptions used were as follows:

Share price at the date of grant	HK$2.86 per share
Expected dividend yield	2.5% per annum
Average risk-free interest rate (based on the Hong Kong Exchange Fund Notes)	1.5% per annum

On 25 March 2020, 957,000 share awards were granted as Purchase Awards under the Company's Share Award Scheme. The average fair value of shares granted as calculated by Towers Watson Hong Kong Limited, by adjusting the closing share price at the grant date by the present value of expected dividend payments during the vesting period, was HK$1.26 per share or an aggregate value of US$0.2 million for all shares granted. The assumptions used were as follows:

Share price at the date of grant	HK$1.36 per share
Expected dividend yield	2.9% per annum
Average risk-free interest rate (based on the Hong Kong Exchange Fund Notes)	0.78% per annum

(B) MPIC's Restricted Stock Unit Plan

On 14 July 2016, the Compensation Committee of MPIC approved a restricted stock unit plan ("RSUP") as part of MPIC's LTIP. The RSUP, which has a validity period of 10 years, replaced MPIC's share option scheme. The RSUP is designed, among others, to reward the directors and certain key officers of MPIC who contribute to its growth to stay with MPIC for the long term. Under the RSUP, MPIC will purchase its common shares at its cost from the open market and reserve those treasury shares for transferring to the eligible participants as determined by MPIC's Compensation Committee. The RSUP also limits the aggregate number of shares that may be subject to award to no more than three percent of the outstanding common shares of MPIC.

On 31 January 2020, the Compensation Committee of MPIC approved a RSUP covering cycle 2019 to 2021 and a total of 31.8 million shares were granted to directors and certain key officers of MPIC. MPIC shall secure exemption ruling from the Philippines Securities and Exchange Commission on the share award, which is necessary for MPIC to reacquire its common shares in the market. The fair value of the share award was determined based on the market closing price of Pesos 3.21 per share on the date of grant. One third of the awarded shares would be vested at the end of each year and transferred at no cost to the eligible participants on the full vesting date.

On 4 August 2021, in view of the impact of COVID-19 pandemic on the 2020 performance of MPIC, MPIC's Board approved the extension of the performance cycle of its LTIP by one year from 2021 to 2022 and the treatment of 2020 as a non-performance year. Hence, the remaining one third of the unvested shares would be vested on 31 December 2022 instead of 31 December 2021 and all vested awarded shares would then be transferred to the eligible participants on the same day.

31. Other Components of Equity

The Group's other components of equity comprise share premium, employee share-based compensation reserve, exchange reserve, fair value reserve of financial assets at FVOCI, unrealized gains/losses on cash flow hedges, income tax related to cash flow hedges, actuarial gains/losses on defined benefit pension plans, share of other comprehensive income/loss of associated companies and joint ventures, differences arising from changes in equities of subsidiary companies, reserves for assets classified as held for sale, capital and other reserves, and contributed surplus.

The share premium relates to the amount of fund received by the Company in excess of the par value of its shares issued. It may be used for repurchase of the Company's shares, distribution in the form of fully paid bonus shares and write-off of expenses related to issue of shares by the Company.

The employee share-based compensation reserve arises from the amortization of costs of share options and awarded shares granted under the share option schemes and the share award schemes adopted by the Company and the Group's subsidiary and associated companies over the vesting period. Upon the exercise of share options, the related amount accumulated in the employee share-based compensation reserve is transferred to share premium. Upon the vesting and transfer of the awarded shares to the awardees, the related costs are credited to shares held for share award scheme, and the related fair value of the shares is debited to the employee share-based compensation reserve. The difference between the cost and the fair value of the vested awarded shares is credited to retained earnings if the fair value is higher than the cost or debited against retained earnings if the fair value is less than the cost.

The exchange reserve represents the resulting exchange differences arising from the translation of results and financial position of the Group's foreign operations that have functional currencies different from the Company's presentation currency. An analysis of the Group's exchange reserve, by principal investee company, is set out below:

US$ millions	**2021**	2020
Indofood	**(416.3)**	(400.0)
PLDT	**(99.9)**	(61.3)
MPIC	**(155.5)**	(67.7)
Philex	**(13.8)**	(3.9)
Others	**(4.5)**	(4.7)
Total	**(690.0)**	(537.6)

The fair value reserve of financial assets at FVOCI relates to changes in the fair value of financial assets at FVOCI of the Company and the Group's subsidiary companies.

The unrealized gains/losses on cash flow hedges and income tax related to cash flow hedges relate to the effective portion of changes in fair value of cash flow hedges of the Group.

The actuarial gains/losses on defined benefit pension plans relate to changes in the present value of defined benefit pension obligations resulting from experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred) and the effects of changes in actuarial assumptions.

Share of other comprehensive income/loss of associated companies and joint ventures relates to the Group's share of its associated companies and joint ventures' exchange reserve, fair value reserve of financial assets at FVOCI, unrealized gains/losses on cash flow hedges, income tax related to cash flow hedges, actuarial gains/losses on defined benefit pension plans and revaluation reserve.

The differences arising from changes in equities of subsidiary companies relate to a change in the Group's subsidiary, associated companies' and joint ventures' ownership interest in their subsidiary companies without a change of control.

The reserves for assets classified as held for sale pertain to the Group's share of the disposal group's reserves.

The capital and other reserves include capital reserves arising from reorganization activities in some of the Group's subsidiary companies and the Group's share of the equity component of convertible notes issued by an associated company.

The contributed surplus of the Group arose from (a) the Company's reallocation of its entire amount of share premium balance of US$1,785.2 million on 28 June 2016 to the distributable reserve, following the approval obtained from the Company's shareholders during the adjourned annual general meeting, by way of a share premium reduction to nil and a subsequent transfer of the credit amount arising therefrom to the contributed surplus account and (b) a reorganization of the Group in 1988 and represents the difference between the nominal value of the share capital issued by the Company and the aggregate net asset value of the subsidiary companies acquired at the date of acquisition. Under the Companies Act 1981 of Bermuda (as amended), the Company may make distributions to its shareholders out of the contributed surplus provided certain conditions are met.

An analysis of the accumulated reserves of associated companies and joint ventures, included within consolidated reserves, is set out below:

	Associated Companies		Joint Ventures		Total	
US$ millions	**2021**	2020	**2021**	2020	**2021**	2020
Associated Companies and Joint Ventures						
Revenue reserve	**(843.3)**	(1,053.2)	**(31.1)**	(27.1)	**(874.4)**	(1,080.3)
Exchange reserve	**(120.8)**	(66.3)	**(25.1)**	0.3	**(145.9)**	(66.0)
Fair value reserve of financial assets at FVOCI	**(1.1)**	(1.1)	**–**	–	**(1.1)**	(1.1)
Unrealized losses on cash flow hedges	**(7.3)**	(3.0)	**–**	–	**(7.3)**	(3.0)
Actuarial losses on defined benefit pension plans	**(200.2)**	(202.9)	**–**	–	**(200.2)**	(202.9)
Differences arising from changes in equities of subsidiary companies	**(7.1)**	(7.1)	**–**	–	**(7.1)**	(7.1)
Capital and other reserves	**17.2**	15.0	**–**	–	**17.2**	15.0
Total (Note 13)	**(1,162.6)**	(1,318.6)	**(56.2)**	(26.8)	**(1,218.8)**	(1,345.4)

32. Non-controlling Interests

Details of the Group's subsidiary companies that have material non-controlling interests are set out below:

	2021	2020
Percentage of equity interest held by non-controlling interests		
– Indofood	**49.9%**	49.9%
– MPIC	**56.0%**	56.9%
– FPM Power	**32.0%**	32.2%
– FP Natural Resources	**19.2%**	19.2%

US$ millions	2021	2020
Profit/(loss) for the year allocated to non-controlling interests		
– Indofood	**477.0**	355.9
– MPIC	**86.0**	169.3
– FPM Power	**13.3**	(16.1)
– FP Natural Resources	**(13.9)**	(43.1)
Total	**562.4**	466.0
Dividends paid to non-controlling interests		
– Indofood	**202.5**	146.9
– MPIC	**84.9**	104.3
Total	**287.4**	251.2
Balances of non-controlling interests at 31 December		
– Indofood	**4,353.5**	4,116.8
– MPIC	**2,994.9**	3,412.4
– FPM Power	**(86.9)**	(104.2)
– FP Natural Resources	**53.0**	63.5
Total	**7,314.5**	7,488.5

The following table illustrates the summarized financial information under HKFRS of the above subsidiary companies. The amounts disclosed are before any inter-company eliminations.

	Indofood		MPIC		FPM Power		FP Natural Resources	
For the year ended/at 31 December US$ millions	2021	2020	2021	2020	2021	2020	2021	2020
Statements of Comprehensive Income								
Turnover	**6,925.9**	5,583.1	**882.5**	825.5	**1,194.5**	571.0	**100.3**	150.9
Profit/(loss) for the year	**717.4**	570.8	**144.6**	207.1	**40.8**	(26.3)	**(24.7)**	(115.8)
Other comprehensive income/(loss)	**64.4**	33.4	**98.0**	(89.2)	**56.9**	(14.7)	**1.3**	(1.8)
Total Comprehensive Income/(Loss)	**781.8**	604.2	**242.6**	117.9	**97.7**	(41.0)	**(23.4)**	(117.6)
Statements of Financial Position								
Non-current assets	**8,740.3**	8,845.7	**9,266.4**	9,890.0	**408.8**	456.0	**187.7**	207.9
Current assets	**3,799.3**	2,728.2	**1,419.8**	2,975.4	**296.9**	116.6	**54.8**	43.9
Non-current liabilities	**(3,706.4)**	(3,992.4)	**(5,711.1)**	(5,369.7)	**(475.7)**	(571.3)	**(120.2)**	(62.1)
Current liabilities	**(2,835.0)**	(1,983.3)	**(1,135.3)**	(2,407.3)	**(470.4)**	(408.8)	**(93.3)**	(134.4)
Net Assets/(Liabilities)	**5,998.2**	5,598.2	**3,839.8**	5,088.4	**(240.4)**	(407.5)	**29.0**	55.3
Statements of Cash Flows								
Net cash from/(used in) operating activities	**1,022.8**	945.0	**254.1**	239.9	**83.1**	(8.3)	**13.8**	(8.1)
Net cash (used in)/from investing activities	**(417.1)**	(2,565.9)	**(448.3)**	(734.1)	**(5.0)**	(0.1)	**(11.2)**	83.1
Net cash from/(used in) financing activities	**234.8**	1,860.2	**126.6**	(11.3)	**(50.8)**	(19.1)	**8.3**	(83.8)
Net Increase/(Decrease) in Cash and Cash Equivalents	**840.5**	239.3	**(67.6)**	(505.5)	**27.3**	(27.5)	**10.9**	(8.8)

Effects of Material Transactions with Non-controlling Interests

During the year ended 31 December 2021, Indofood had purchased an aggregate 3.8 million (2020: 23.8 million) shares of IndoAgri from the open market at a total cost of S$1.1 million (US$0.8 million) (2020: S$6.9 million or US$5.1 million). As a result of these transactions, Indofood's effective interest in IndoAgri increased to 71.9% from 71.7% (2020: increased to 71.7% from 70.0%). The Group recorded a credit balance of US$1.0 million (2020: US$5.8 million) in differences arising from changes in equities of subsidiary companies within the Group's equity in respect of these transactions.

During the year ended 31 December 2021, MPIC had bought back an aggregate 598.6 million (2020: 900.5 million) of its shares from the open market at an aggregate consideration of approximately Pesos 2.3 billion (US$46.3 million) (2020: Pesos 3.4 billion or US$69.2 million). As a result of these transactions, the Group's effective economic interest and voting interest in MPIC increased to 44.0% and 57.0%, from 43.1% and 56.1%, respectively (2020: increased to 43.1% and 56.1%, from 41.9% and 54.9%, respectively). The Group recorded a credit balance of US$15.2 million (2020: US$20.1 million) in differences arising from changes in equities of subsidiary companies within the Group's equity in respect of these transactions.

Upon MPIC's divestment of its 34.9% interest in MPLRC to Sumitomo, a put option was also granted to Sumitomo which allows Sumitomo to sell all of its MPLRC shares back to MPIC under certain circumstances pursuant to the sale and purchase agreement. During the year ended 31 December 2021, the Group recorded a net debit balance of US$3.9 million (2020: US$8.0 million) in differences arising from changes in equities of subsidiary companies within the Group's equity, which pertains to the difference between the carrying value of the non-controlling interest derecognized and the present value of the amount payable upon the exercise of put option.

In February 2021, Indofood's subsidiary company, ICBP completed the acquisition of a 49% interest in IFM held by the non-controlling shareholder at a consideration of Rupiah 494 billion (US$34.4 million). As a result of this transaction, Indofood's effective interest in IFM increased to 80.5% from 41.1%. The Group recorded a debit balance of US$3.3 million in differences arising from changes in equities of subsidiary companies within the Group's equity in respect of these transactions.

In March and July 2021, FPM Power (Mauritius) Limited, a wholly-owned subsidiary company of FPM Power, and the 30% non-controlling shareholders of PLP capitalized their US$ denominated shareholders' loans of US$160.0 million and US$67.7 million, respectively, into equity of PLP. Following the capitalization, the interest of FPM Power in PLP remains unchanged at 70%.

In May 2020, MPIC's subsidiary company, CIIF Infrastructure Holdings Sdn. Bhd. completed the divestment of its 10.3% 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. As a result of this transaction, MPIC's effective interest in MUN decreased to 71.5% from 81.8%. The Group recorded a credit balance of US$2.3 million in differences arising from changes in equities of subsidiary companies within the Group's equity in respect of this transaction.

33. Other Comprehensive (Loss)/Income Attributable to Owners of the Parent

US$ millions	Exchange reserve	Fair value reserve of financial assets at FVOCI	Unrealized (losses)/ gains on cash flow hedges	Income tax related to cash flow hedges	Actuarial (losses)/ gains on defined benefit pension plans	Share of other comprehensive (loss)/ income of associated companies and joint ventures	Total
At 1 January 2020	(643.2)	110.1	(0.2)	(0.5)	(16.6)	(165.7)	(716.1)
Other comprehensive income/(loss) for the year	108.4	13.8	(8.4)	0.5	8.5	(54.5)	68.3
Attributable to a discontinued operation (Note 7(D))	–	–	–	–	(1.1)	–	(1.1)
Transfer to retained earnings	–	0.1	–	–	(0.2)	–	(0.1)
Acquisition of an interest in a subsidiary company	(2.8)	–	–	–	–	–	(2.8)
At 31 December 2020	(537.6)	124.0	(8.6)	–	(9.4)	(220.2)	(651.8)
At 1 January 2021	(537.6)	124.0	(8.6)	–	(9.4)	(220.2)	**(651.8)**
Other comprehensive (loss)/income for the year	(149.4)	24.8	38.1	(4.9)	23.5	10.8	**(57.1)**
Acquisition of an interest in a subsidiary company	(3.0)	–	–	–	–	(0.4)	**(3.4)**
At 31 December 2021	**(690.0)**	**148.8**	**29.5**	**(4.9)**	**14.1**	**(209.8)**	**(712.3)**

34. Notes to the Consolidated Statement of Cash Flows

(A) Deconsolidation of a Discontinued Operation

2021's cash inflow of US$209.7 million relates to the upfront proceeds from MPIC's transfer of its 56% interest in GBPC to MGen in March 2021, the dividend received from GBPC in May 2021 and the instalment payment received in September 2021, net of transaction costs and cash of GBPC which was deconsolidated. For details, please refer to Note 7(A) to the Consolidated Financial Statements.

(B) Disposal of an Associated Company

2021's cash inflow of US$145.2 million relates to net proceeds from MPIC's disposal of its 29.5% interest in DMT in February 2021.

(C) Disposal of Property, Plant and Equipment

2020's cash inflow of US$104.5 million mainly related to proceeds from disposal of La Carlota assets.

(D) Investment in a Joint Venture

2021's cash outflow of US$144.2 million relates to MPIC's acquisition of a 50% interest in PCSPC in January 2021.

(E) Instalment Payment for Acquisition of a Subsidiary Company

2021's cash outflow of US$49.6 million (2020: US$49.5 million) relates to MPIC's last instalment payment to PCEV for its acquisition of the remaining 25% interest in Beacon Electric in June 2017.

(F) Increased Investments in Joint Ventures

2020's cash outflow of US$66.6 million mainly related to MPIC's last instalment payment to PCEV for its acquisition of a 25% interest in Beacon Electric in May 2016.

(G) Instalment Payments Received for Disposal of a Subsidiary Company

2020's cash inflow of US$80.9 million related to the second and final instalment payments received for the disposal of a 40.1% interest in MPHHI.

(H) Acquisition of Subsidiary Companies

2020's cash outflow of US$2,255.1 million mainly related to ICBP's acquisition of the entire issued share capital of Pinehill, net of cash of Pinehill which was consolidated.

The purchase price allocation exercise of Pinehill was finalized in 2021. There are no changes to the fair values of assets acquired, and liabilities and contingent liabilities assumed as disclosed in the Group's 2020 Consolidated Financial Statements which are summarized as follows:

US$ millions	
Consideration	
Cash and cash equivalents	2,348.0
Current portion of deferred liabilities, provisions and payables(i) (Note 28)	650.0
Total	2,998.0
Net Assets	
Property, plant and equipment	93.1
Associated companies and joint ventures	448.7
Deferred tax assets (Note 19)	1.0
Other non-current assets	0.9
Cash and cash equivalents	94.2
Accounts receivable, other receivables and prepayments (Current)	173.0
Inventories	52.7
Accounts payable, other payables and accruals	(72.3)
Provision for taxation (Note 27)	(17.5)
Current portion of deferred liabilities, provisions and payables (Note 28)	(12.9)
Deferred liabilities, provisions and payables (Note 28)	(12.6)
Deferred tax liabilities (Note 19)	(1.0)
Total Net Identifiable Assets Acquired	747.3
Less: Non-controlling interests(ii)	(1,302.0)
Add: Goodwill	3,552.7
Total Net Assets Acquired	2,998.0

(i) Represents the retention amount payable due in April 2022
(ii) The non-controlling interests were measured at fair value.

(I) Reconciliation of Liabilities Arising from Financing Activities

US$ millions	Loans from non-controlling shareholders	Service concession fees payable	Borrowings	Lease liabilities	Dividends/ distribution payable	Total
At 1 January 2020	212.8	649.6	8,930.8	59.1	57.3	9,909.6
Exchange translation	(0.5)	31.2	263.3	2.1	1.7	297.8
Changes in financing cash flows	0.4	(117.2)	2,010.0	(34.1)	(329.6)	1,529.5
Finance costs	4.6	12.7	25.2	4.3	–	46.8
Dividends/distribution declared	–	–	–	–	319.9	319.9
Acquisition of subsidiary companies	12.7	–	–	1.9	–	14.6
Attributable to a discontinued operation	–	–	(593.8)	–	(38.7)	(632.5)
Interest paid classified as operating cash flows	–	–	–	(4.3)	–	(4.3)
Other movements	–	36.7	(1.9)	45.9	–	80.7
At 31 December 2020	230.0	613.0	10,633.6	74.9	10.6	11,562.1
At 1 January 2021	230.0	613.0	10,633.6	74.9	10.6	**11,562.1**
Exchange translation	(1.6)	(32.7)	(313.2)	(2.0)	(0.7)	**(350.2)**
Changes in financing cash flows	7.2	(16.2)	800.7	(35.2)	(379.1)	**377.4**
Finance costs	1.3	16.0	7.3	3.4	–	**28.0**
Dividends/distribution declared	–	–	–	–	381.6	**381.6**
Interest paid classified as operating cash flows	–	–	–	(3.4)	–	**(3.4)**
Capitalized into equity	(67.7)	–	–	–	–	**(67.7)**
Other movements	–	33.6	–	14.6	–	**48.2**
At 31 December 2021	**169.2**	**613.7**	**11,128.4**	**52.3**	**12.4**	**11,976.0**

(J) Divestments of Interests in Subsidiary Companies

2020's cash inflow of US$94.0 million related to proceeds from MPIC's divestment of a 19.2% effective interest in LRMC and a 10.3% interest in MUN in May 2020.

(K) Repurchase of a Subsidiary Company's Shares

2021's cash outflow of US$46.3 million (2020: US$69.2 million) relates to MPIC's share buyback program implemented from July to September 2021 (2020: implemented in March and October 2020).

(L) Increased Investments in Subsidiary Companies

2021's cash outflow of US$35.4 million mainly relates to ICBP's acquisition of a 49% interest in IFM in February 2021.

(M) Total Cash Outflow for Leases

The total cash outflow for leases included in the consolidated statement of cash flows is as follows:

US$ millions	2021	2020
Within operating activities	**29.6**	19.2
Within financing activities	**35.2**	34.1
Total	**64.8**	53.3

(N) Major non-cash transaction

For the year ended 31 December 2021, the Group had non-cash additions to (i) right-of-use assets and lease liabilities of US$30.1 million (2020: US$45.9 million) and US$30.1 million (2020: US$45.9 million), respectively, in respect of lease arrangements for buildings, and machinery and equipment, and (ii) service concession assets and service concession fees payable of US$42.2 million (2020: US$42.0 million) and US$42.2 million (2020: US$42.0 million), respectively, in respect of MPIC's certain service concession arrangements.

In March 2021, Petronas Power Sdn. Bhd. ("Petronas"), the 30% shareholder of PLP up to 30 June 2021, partially capitalized its shareholder's loans of US$50.1 million into equity of PLP.

In July 2021, MPG Asia Limited, a wholly-owned subsidiary company of MGen, who acquired 30% interest in PLP and shareholder's loans from Petronas on 1 July 2021, capitalized the remaining shareholder's loans of US$17.6 million into equity of PLP.

35. Commitments and Contingent Liabilities

(A) Capital Expenditure

US$ millions	2021	2020
Commitments in respect of subsidiary companies:		
– Authorized, but not contracted for	**1,265.4**	1,401.6
– Contracted, but not provided for	**686.5**	533.6
Total	**1,951.9**	1,935.2

The Group's capital expenditure commitments principally relate to Indofood's, MPIC's, RHI's and PLP's purchase of property, plant and equipment, and construction of infrastructures for Maynilad's and MPW's water and sewerage businesses, MPTC's toll road business and LRMC's rail business.

(B) Contingent Liabilities

At 31 December 2021, except for guarantees of US$21.1 million (2020: US$30.8 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 (2020: Nil).

36. Employees' Benefits

(A) Remuneration

US$ millions	2021	2020
Basic salaries	**547.2**	498.5
Bonuses	**188.9**	184.1
Benefits in kind	**104.0**	103.8
Pension contributions	**30.5**	36.3
Retirement and severance allowances	**6.5**	6.3
Employee share-based compensation benefit expenses/LTIP	**1.5**	3.0
Total	**878.6**	832.0
Arising from:		
Continuing operations	**871.1**	803.2
A discontinued operation	**7.5**	28.8
	878.6	832.0
Average Number of Employees		
Continuing operations	**99,828**	101,534
A discontinued operation	**961** (i)	959
	100,789	102,493

(i) Relates to the period from 1 January 2021 to 31 March 2021 (the date of deconsolidation of GBPC)

The above includes the remuneration of the Directors. Detailed disclosures in respect of the Directors' remuneration are set out in Note 37(A) to the Consolidated Financial Statements.

(B) Retirement Benefits

The Group operates both defined contribution and defined benefit schemes. In addition, the Group has made provisions for estimated liabilities for employee benefits for meeting the minimum benefits required to be paid to the qualified employees as required under the Philippines Republic Act (R.A.) No. 7641 ("R.A. 7641") and the Indonesian Labor Law.

Under R.A. 7641, companies are required to pay a minimum benefit of equivalent to one-half month's salary for every year of service, with six months or more of service considered as one year, to employees with at least five years of services. As some of the entities of the Group operate in the Philippines, they provide for either a defined contribution retirement plan or a defined benefit plan that consider the minimum benefit guarantee mandated under R.A. 7641.

Under the Indonesian Labor Law, companies are required to pay separation, appreciation and compensation benefits to their employees if the conditions specified in the Indonesian Labor Law are met. Some of the Group's Indonesian subsidiary companies maintain and operate formal pension plans for the benefit of their employees, additional provisions for the estimated liabilities for employee service entitlement benefits are made on top of the benefits provided under their respective pension plans, if necessary, in order to meet and cover the minimum benefits required to be paid to employees under the Indonesian Labor Law.

Under the Central Provident Fund Act in Singapore, the Singapore companies in the Group are required to make contributions to the Central Provident Fund scheme in Singapore, which is a defined contribution pension scheme. Contributions to defined contribution pension schemes are made based on a percentage of the employees' basic salaries and charged to the consolidated income statement as they become payable in accordance with the rules of the respective schemes.

Under the Mandatory Provident Fund Schemes Ordinance and the Occupational Retirement Schemes Ordinance in Hong Kong, the Hong Kong companies in the Group are required to make contributions to the Mandatory Provident Fund retirement scheme and the occupational retirement scheme in Hong Kong, which are defined contribution pension schemes. Contributions are made based on a percentage of the employees' basic salaries and charged to the consolidated income statement as they become payable in accordance with the rules of the respective schemes.

(a) Defined contribution schemes

The Group operates 12 (2020: 12) defined contribution schemes covering 12,510 (2020: 13,706) employees. The assets of these schemes are held separately and are administered by independent trustees. Contributions to the schemes, either by the Group or by the employees, are determined by reference to the employees' salaries and length of service and range from 0% to 40% (2020: 0% to 40%). Under the terms of the schemes, the Group cannot be requested to make additional payments over and above these levels of contributions. In seven (2020: seven) of the schemes, forfeited contributions may be used to reduce the existing levels of employer contributions and, in 2021, no amount (2020: Nil) was used for this purpose. There were no significant forfeited contributions at 31 December 2021 and 2020.

The Group's Indonesian and Singapore subsidiary companies have defined contribution retirement plans covering substantially all of their qualified permanent employees. The related liability arising from the difference between the cumulative funding since the establishment of the program and the cumulative pension costs charged to the consolidated income statement during the same period is recognized as employee benefit liabilities in the consolidated statement of financial position.

Although the Group's Philippine subsidiary companies operate defined contribution schemes, they are covered under R.A. 7641 which provides for its qualified employees under a defined benefit minimum guarantee. The defined minimum guarantee is equivalent to a certain percentage of the monthly salary payment to an employee at the normal retirement age with the required credited years of service based on the provisions of R.A. 7641. The Philippine subsidiary companies account for the retirement obligation under the higher of defined benefit obligation relating to the minimum guarantee and the obligation arising from the defined contribution plan.

(b) Defined benefit schemes and estimated liabilities for employee benefits

The Group operates 18 (2020: 19) defined benefit schemes covering 6,890 (2020: 8,101) employees. 11 (2020:11) of the plans are unfunded where the Group meets the benefit payment obligations as they fall due while seven (2020: eight) of the defined benefit payments are from trustee-administered funds. For unfunded schemes, the Group engages the services of actuaries to conduct valuation studies to determine the retirement obligations to ensure that these maturing obligations and expected benefit payments are covered and budgeted for. For the funded schemes, the assets are held separately from the Group and are administered by independent trustees. Benefits are determined by reference to employees' final salaries and length of service, and the schemes have undergone independent valuations on an annual basis. These actuarial valuations, performed by the actuaries of KKA Hery Al Hariry (previously named as PT Kappa Konsultan Utama) and Kantor Konsultan Aktuaria Steven & Mourits (members of the Actuarial Consultant Association of Indonesia), Institutional Synergy, Inc., E.M. Zalamea Actuarial Services, Inc. and Key Actuarial Intelligence, Inc. (members of the Actuary Society of the Philippines), were based on the projected unit credit method. The plan assets do not include any financial instruments of the Group or property occupied by, or other assets used by, the Group. At 31 December 2021, the Group's level of funding in respect of its defined benefit schemes was 60.5% (2020: 54.0%).

The Group's plan assets mainly comprise debt securities, equities, cash in banks, time deposits and unit trust funds. Thus, the cash flows from the assets alter in accordance with the change of equity prices and interest rates, and the assets are subject to various risks including credit, investment and liquidity risks. While the Group does not perform any asset-liability matching study, the risks arising from the nature of the assets comprising the fund, are mitigated by limiting the investments in financial assets only to the good quality instruments as recommended by the trust managers, investing in reputable equity shares with good fair values and contributing to the respective fund from time to time, based on the recommendations of their actuaries with the objective of maintaining their respective funds in a sound condition.

The Group has also made provisions for estimated liabilities for employee benefits covering the employees of its Indonesian subsidiary companies. The amounts of such provisions were determined by reference to employees' final salaries and length of service and mainly based on actuarial computations prepared by the actuaries of KKA Hery Al Hariry (previously named as PT Kappa Konsultan Utama) (a member of the Actuarial Consultant Association of Indonesia) using the projected unit credit method.

(I) The amounts of liability under defined benefit schemes and estimated liabilities for employee benefits included in the consolidated statement of financial position are as follows:

US$ millions	Defined benefit schemes	Estimated liabilities for employee benefits	Total 2021	Total 2020
Present value of defined benefit obligations	(60.1)	(426.3)	**(486.4)**	(553.8)
Fair value of plan assets	35.4	–	**35.4**	40.3
Liability in the Consolidated Statement of Financial Position	(24.7)	(426.3)	**(451.0)**	(513.5)

(II) The changes in the present value of the obligations under defined benefit schemes and estimated liabilities for employee benefits during the year are as follows:

US$ millions	Defined benefit schemes	Estimated liabilities for employee benefits	Total 2021	Total 2020
At 1 January	(74.8)	(479.0)	**(553.8)**	(581.6)
Exchange translation	4.0	5.7	**9.7**	4.2
Current service cost	(7.7)	(26.2)	**(33.9)**	(37.0)
Past service cost	–	1.6	**1.6**	10.0
Interest cost on obligation	(2.7)	(30.2)	**(32.9)**	(40.1)
Actuarial gains/(losses) arising from:				
– Changes in demographic assumptions	11.2	–	**11.2**	(2.2)
– Changes in financial assumptions	2.0	38.4	**40.4**	9.0
– Experience adjustments	(0.4)	24.6	**24.2**	22.7
Acquisition of a subsidiary company	–	–	**–**	(10.9)
Attributable to a discontinued operation	–	–	**–**	32.1
Benefits paid and others	8.3	38.8	**47.1**	40.0
At 31 December	(60.1)	(426.3)	**(486.4)**	(553.8)

(III) The changes in the fair value of plan assets under the defined benefit schemes during the year are as follows:

US$ millions	2021	2020
At 1 January	**40.3**	43.5
Exchange translation	**(2.2)**	2.4
Interest income included in net interest cost	**1.3**	2.1
Return on plan assets (excluding amount included in net interest cost)	**(0.5)**	(0.8)
Contributions by employers	**4.3**	11.3
Attributable to a discontinued operation	**–**	(11.1)
Benefits paid and others	**(7.8)**	(7.1)
At 31 December	**35.4**	40.3

(IV) The major categories of plan assets as a percentage of the fair value of the total plan assets under the defined benefit schemes are as follows:

	2021	2020
Philippine debt securities	**44%**	56%
Philippine equities	**43%**	30%
Indonesian debt securities	**1%**	1%
Indonesian equities	**1%**	1%
Cash in banks and time deposits	**1%**	5%
Unit trust funds and others	**10%**	7%

(V) The amount recognized in the consolidated income statement and consolidated statement of comprehensive income is analyzed as follows:

US$ millions	Defined benefit schemes	Estimated liabilities for employee benefits	**Total** **2021**	2020
Current service cost	7.7	26.2	**33.9**	37.0
Past service cost	–	(1.6)	**(1.6)**	(10.0)
Interest cost on obligation	2.7	30.2	**32.9**	40.1
Interest income on plan assets	(1.3)	–	**(1.3)**	(2.1)
Amount Recognized in Profit or Loss[i]	9.1	54.8	**63.9**	65.0
Actuarial losses/(gains) arising from				
– Changes in demographic assumptions	(11.2)	–	**(11.2)**	2.2
– Changes in financial assumptions	(2.0)	(38.4)	**(40.4)**	(9.0)
– Experience adjustments	0.4	(24.6)	**(24.2)**	(22.7)
Return on plan assets (excluding amount included in net interest cost)	0.5	–	**0.5**	0.8
Amount Recognized in Other Comprehensive Income	(12.3)	(63.0)	**(75.3)**	(28.7)
Total	(3.2)	(8.2)	**(11.4)**	36.3
Actual Return on Plan Assets			**2%**	3%

(i) Included in cost of sales, selling and distribution expenses and administrative expenses

(VI) Principal actuarial assumptions (weighted average) at 31 December are as follows:

	2021	2020
Discount rate	**5%**	6%
Future annual salary increases	**6%**	6%

(VII) The calculation of the defined benefit obligation is sensitive to the assumptions set above. The following table summarizes how the present value of the defined benefit obligation at the end of the reporting period would have increased or decreased as a result of changes in the respective assumptions:

US$ millions	**Increase/ (decrease)**	**(Decrease)/ increase at 31 December 2021**	Increase/ (decrease)	(Decrease)/ increase at 31 December 2020
Discount rate (%)	**1.0**	**(16.0)**	1.0	(28.6)
	(1.0)	**20.7**	(1.0)	33.6
Future annual salary increases (%)	**1.0**	**20.4**	1.0	33.9
	(1.0)	**(15.9)**	(1.0)	(29.2)

(VIII) The following table provides the maturity analysis of the undiscounted benefit payments as at 31 December:

US$ millions	2021	2020
Less than one year	**59.6**	47.7
One year to five years	**215.8**	161.8
More than five years	**2,069.5**	3,060.7
Total	**2,344.9**	3,270.2

The weighted average duration of the defined benefit obligation is 11 years (2020: 12 years).

(IX) The Group expects to contribute US$5.1 million (2020: US$6.7 million) to its defined benefit pension plans next year.

(C) Loans to Officers

During the years ended 31 December 2021 and 2020, there were no loans made by the Group to officers which required disclosure pursuant to section 383(1)(d) of the Hong Kong Companies Ordinance and Part 3 of the Companies (Disclosure of Information about Benefits of Directors) Regulation.

37. Directors' and Senior Executives' Remuneration

(A) Directors' Remuneration

The remuneration of Directors and chief executive of the Company for the year ended 31 December 2021, disclosed on an individual basis and pursuant to the Appendix 16 paragraph 24 of the Listing Rules, section 383 (1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

Directors' Remuneration - 2021

	Non-performance based						
US$'000	Salaries	Other benefits	Pension contributions	Performance based payments(i)	Employee share-based compensation benefit expenses/LTIP	Fees(ii)	**Total**
Chairman							
Anthoni Salim	3,157	–	–	–	–	53	**3,210**
Executive Directors							
Manuel V. Pangilinan, *Managing Director and Chief Executive Officer*	4,983	528	199	1,580	2,801	–	**10,091**
Christopher H. Young, *Chief Financial Officer*	1,634	262	159	750	1,300	–	**4,105**
Non-executive Directors							
Benny S. Santoso	56	–	–	–	40	41	**137**
Axton Salim	2,218	–	–	–	–	53	**2,271**
Tedy Djuhar(iii)	–	–	–	–	–	–	**–**
Independent Non-executive Directors							
Prof. Edward K.Y. Chen, *GBS, CBE, JP*	–	–	–	–	51	109	**160**
Margaret Leung Ko May Yee, *SBS, JP*	–	–	–	–	51	102	**153**
Philip Fan Yan Hok	–	–	–	–	51	97	**148**
Madeleine Lee Suh Shin	–	–	–	–	40	101	**141**
Blair Chilton Pickerell	–	–	–	–	65	85	**150**
Total	12,048	790	358	2,330	4,399	641	**20,566**

(i) Performance based payments comprise performance bonuses and long-term monetary incentive awards.
(ii) For meetings attended
(iii) Tedy Djuhar resigned from the Board of Director with effect from 10 June 2021.

Directors' Remuneration - 2020

US$'000	Salaries	Other benefits	Pension contributions	Performance based payments(i)	Employee share-based compensation benefit expenses/LTIP	Fees(ii)	Total
	Non-performance based						
Chairman							
Anthoni Salim	3,057	–	–	–	–	53	3,110
Executive Directors							
Manuel V. Pangilinan, *Managing Director and Chief Executive Officer*	5,718	529	198	528	2,709	–	9,682
Christopher H. Young, *Chief Financial Officer*	1,629	267	159	392	1,626	–	4,073
Non-executive Directors							
Tedy Djuhar	–	–	–	–	–	28	28
Benny S. Santoso	–	–	–	–	92	90	182
Axton Salim(iii)	1,615	–	–	–	–	41	1,656
Independent Non-executive Directors							
Prof. Edward K.Y. Chen, *GBS, CBE, JP*	–	–	–	–	123	139	262
Margaret Leung Ko May Yee, *SBS, JP*	–	–	–	–	123	139	262
Philip Fan Yan Hok	–	–	–	–	123	145	268
Madeleine Lee Suh Shin	–	–	–	–	92	137	229
Blair Chilton Pickerell(iv)	–	–	–	–	48	103	151
Total	12,019	796	357	920	4,936	875	19,903

(i) Performance based payments comprise performance bonuses and long-term monetary incentive awards.
(ii) For meetings attended
(iii) Mr. Axton Salim was appointed as a Non-executive Director with effect from 25 March 2020.
(iv) Mr. Blair Chilton Pickerell was appointed as an Independent Non-executive Director with effect from 25 March 2020.

Included within the total Directors' remuneration is an amount of US$1.4 million (2020: US$2.1 million) paid by PLDT, an associated company, in respect of the services of the Managing Director and Chief Executive Officer of the Company.

(B) Senior Executives' Remuneration

As similar remuneration schemes operate for the senior executives of the Group, their remuneration may exceed those of the Company's Directors. One (2020: One) senior executive was among the Group's five highest earning employees during the year ended 31 December 2021. The remaining four (2020: four) of the five highest earning employees are the Company's Directors. Details of the remuneration for one (2020: one) senior executive are as follows:

US$'000	**2021**	2020
Non-performance based		
– Salaries and benefits	**2,106**	1,230
Performance based		
– Bonuses and long-term monetary incentive awards	**80**	–
Employee share-based compensation benefit expenses/LTIP	**318**	–
Retirement benefit payments	**–**	4,336
Total	**2,504**	5,566

The remuneration of one (2020: one) senior executive who was among the Group's five highest earning employees in 2021 is within the following bands:

Remuneration bands	**2021 Number**	2020 Number
US$2,500,000 - US$2,564,000	**1**	–
US$5,508,000 - US$5,572,000	**–**	1

(C) Key Management Personnel Compensation

US$ millions	**2021**	2020
Non-performance based		
– Salaries and benefits	**67.3**	67.0
– Pension contributions	**3.0**	4.7
Performance based		
– Bonuses and long-term monetary incentive awards	**51.3**	57.2
Retirement benefit payments	**0.8**	4.3
Employee share-based compensation benefit expenses/LTIP	**1.5**	3.0
Fees	**0.7**	0.8
Total	**124.6**	137.0

(D) Share Options

The Company operate share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Particulars of the share options of the Company granted to the Directors and senior executives of the Company at 31 December 2021 and 2020 are set out below:

Particulars of the Company's share option scheme

	Share options held at 1 January and 31 December 2021	Share option exercise price per share (HK$)	Market price per share immediately before the date of grant (HK$)	Grant date	Vesting period[ii]	Exercisable period
Non-executive Director						
Benny S. Santoso	**1,339,600**	4.972	4.950	15 April 2016	April 2017 to April 2019	April 2017 to April 2022
	3,828,000	2.87	2.87	8 April 2019	April 2020 to April 2022	April 2020 to April 2025
Independent Non-executive Director						
Madeleine Lee Suh Shin	**3,828,000**	2.87	2.87	8 April 2019	April 2020 to April 2022	April 2020 to April 2025
Senior Executives	**1,184,750**	4.972	4.950	15 April 2016	April 2017 to April 2019	April 2017 to April 2022
	403,025	6.092	5.98	7 June 2017	June 2018 to June 2019	June 2018 to April 2022
	7,699,459	2.87	2.87	8 April 2019	April 2020 to April 2022	April 2020 to April 2025
Total	**18,282,834**[i]					

(i) The number of outstanding share options vested and exercisable at 31 December 2021 was 13,164,345. These share options had a weighted average exercise price of HK$3.37.

(ii) The vesting periods of the share options are as follows:
- (a) For the 2016 and 2019 grants, the share options would be vested in three equal tranches from the first to the third year after the share options are granted.
- (b) For the 2017 grant, the share options would be vested in two equal tranches in the first and the second year after the share options are granted.

	Share options held at 1 January 2020	Share options lapsed during the year	Share options held at 31 December 2020	Share option exercise price per share (HK$)	Market price per share immediately before the date of grant (HK$)	Grant date	Vesting period[iii]	Exercisable period
Non-executive Director								
Benny S. Santoso	1,339,600	–	1,339,600	4.972	4.950	15 April 2016	April 2017 to April 2019	April 2017 to April 2022
	3,828,000	–	3,828,000	2.87	2.87	8 April 2019	April 2020 to April 2022	April 2020 to April 2025
Independent Non-executive Director								
Madeleine Lee Suh Shin	3,828,000	–	3,828,000	2.87	2.87	8 April 2019	April 2020 to April 2022	April 2020 to April 2025
Senior Executives	3,242,137	(3,242,137)	–	5.1932[i]	5.2127[i]	–	–	–
	1,184,750	–	1,184,750	4.972	4.950	15 April 2016	April 2017 to April 2019	April 2017 to April 2022
	403,025	–	403,025	6.092	5.98	7 June 2017	June 2018 to June 2019	June 2018 to April 2022
	7,699,459	–	7,699,459	2.87	2.87	8 April 2019	April 2020 to April 2022	April 2020 to April 2025
Total	21,524,971	(3,242,137)	18,282,834[ii]					

(i) Adjusted for the effect of the Company's rights issue completed in July 2013 for the prices prior to the trading of the Company's shares on an ex-rights basis on 6 June 2013

(ii) The number of outstanding share options vested and exercisable at 31 December 2020 was 8,045,860. These share options had a weighted average exercise price of HK$3.69.

(iii) The vesting periods of the share options are as follows:
- (a) For the 2016 and 2019 grants, the share options would be vested in three equal tranches from the first to the third year after the share options are granted.
- (b) For the 2017 grant, the share options would be vested in two equal tranches in the first and the second year after the share options are granted.

At the AGM held on 31 May 2012, the Company's shareholders approved a share option scheme (the "Scheme") under which the Directors may, at their discretion, at any time during the life of the Scheme, grant Directors and executives of the Company's share options as part of the Company's LTIP. The Scheme, which complies with the provisions set out in Chapter 17 of the Listing Rules, became effective on 31 May 2012. The Scheme will be valid for 10 years and will expire on 30 May 2022.

The maximum number of shares on which options may be granted may not exceed 10% of the Company's issued share capital as at the date of approval of the Scheme by the shareholders, which equaled to 382,827,354 shares. The maximum number of shares in respect of which options may be granted under the Scheme to any one participant in any 12-month period is limited to 1% of the aggregate number of shares of the Company in issue at the time of the proposed grant of options to such participant.

The exercise price in relation to each share option offer shall be determined by the Directors at their absolute discretion, but in any event shall not be less than the highest of (i) the closing price of the Company's shares as stated in the daily quotation sheet of the SEHK on the date of grant; (ii) the average of the closing prices of the Company's shares as stated in the daily quotation sheets of the SEHK for the five trading days immediately preceding the date of grant; and (iii) the nominal value of the Company's share on the date of grant. The terms of the Scheme provide that subject to any other restrictions on vesting imposed by the Directors, share options may be exercised under the Scheme at any time from the date of acceptance until the date of expiry. Any options granted under the Scheme are subject to certain restrictions on exercise including a prohibition on exercise for a certain period after the date on which any option is accepted. Share options vest progressively over the vesting period, provided that the relevant grantee remains employed by the Group. Options which lapse or are canceled prior to their expiry date are deleted from the register of options.

On 15 April 2016, 2,524,350 share options under the Scheme were granted. The average fair value of options granted as calculated by Towers Watson Hong Kong Limited, based on the binomial model, was HK$1.05 each or an aggregate value of US$0.3 million for all options granted. The assumptions used were as follows:

Share price at the date of grant	HK$4.95 per share
Exercise price	HK$4.972 per share
Expected volatility (based on historical volatility of the Company's shares commensurate with the average expected life of the options granted)	29%
Option life	6 years
Expected dividend yield	2.4% per annum
Average risk-free interest rate (based on the Hong Kong Exchange Fund Notes)	1.0% per annum

Taking into account the expected turnover rate of the senior executives and the early exercise behavior, the average expected life of the options granted was estimated to be around 5 years. The early exercise behavior assumes that option holders will exercise the options when the share price is at least 150% of the exercise price. No other feature of the option granted was incorporated into the measurement of fair value.

On 7 June 2017, 403,025 share options under the Scheme were granted. The average fair value of options granted as calculated by Towers Watson Hong Kong Limited, based on the binomial model, was HK$1.03 each or an aggregate value of US$0.1 million for all options granted. The assumptions used were as follows:

Share price at the date of grant	HK$5.98 per share
Exercise price	HK$6.092 per share
Expected volatility (based on historical volatility of the Company's shares commensurate with the average expected life of the options granted)	26%
Option life	4.85 years
Expected dividend yield	2.4% per annum
Average risk-free interest rate (based on the Hong Kong Exchange Fund Notes)	0.8% per annum

Taking into account the expected turnover rate of the senior executives and the early exercise behavior, the average expected life of the options granted was estimated to be around 4 years. The early exercise behavior assumes that option holders will exercise the options when the share price is at least 150% of the exercise price. No other feature of the options granted was incorporated into the measurement of fair value.

On 8 April 2019, 15,355,459 share options under the Scheme were granted. The average fair value of options granted as calculated by Towers Watson Hong Kong Limited, based on the binomial lattice model, was HK$0.51 per share or an aggregate value of US$1.0 million for all options granted. The assumptions used were as follows:

Share price at the date of grant	HK$2.86 per share
Exercise price	HK$2.87 per share
Expected volatility (based on historical volatility of the Company's shares commensurate with the average expected life of the options granted)	24%
Option life	6 years
Expected dividend yield	2.5% per annum
Average risk-free interest rate (based on the Hong Kong Exchange Fund Notes)	1.47% per annum

Taking into account the expected turnover rate of the Directors and senior executives and the early exercise behavior, the average expected life of the options granted was estimated to be around 4.5 years. The early exercise behavior assumes that option holders will exercise the options when the share price is at least 140% of the exercise price. No other feature of the options granted was incorporated into the measurement of fair value.

The binomial model, applied for determining the estimated values of the share options granted under the Scheme, was developed for use in estimating the fair value of the traded options that are fully transferable. Such an option pricing model requires input of highly subjective assumptions, including the expected share price volatility. As the Company's share options have characteristics significantly different from those of the traded options, changes in the subjective input assumptions can materially affect the estimated value of the options granted.

As at the date of these financial statements, the Company had 18,282,834 share options outstanding under the Company's share option schemes, which represented approximately 0.4% of the Company's shares in issue as at that date.

Details of the Group's accounting policy in respect of the share options granted are set out in Note 2(D)(t)(III) to the Consolidated Financial Statements.

38. Related Party Transactions

Significant related party transactions entered into by the Group during the years ended 31 December 2021 and 2020 are disclosed as follows:

(A) On 22 May 2020, ICBP entered into a conditional shares sale and purchase agreement with Pinehill Corpora Limited ("Pinehill Corpora") and Steele Lake Limited in relation to the acquisition of the entire issued share capital of Pinehill for a total consideration of US$2,998 million, of which US$650.0 million shall be retained by ICBP until 30 April 2022. Pinehill Corpora, which is the seller of 51% interest in Pinehill, is a consortium indirectly owned as to 49% by Mr. Anthoni Salim, the Chairman and a substantial shareholder of the Company. The transaction was approved by the Company's independent shareholders on 17 July 2020 and completed on 27 August 2020.

At 31 December 2021, a retention amount payable due to Pinehill Corpora of US$331.5 million (2020: US$331.5 million) was included in the current portion (2020: non-current portion) of deferred liabilities, provisions and payables (Note 28).

(B) On 23 December 2020, Beacon PowerGen, a wholly-owned subsidiary company of MPIC, entered into a sale and purchase agreement to sell its 56% interest in GBPC to MGen, a wholly-owned subsidiary company of Meralco and associated company of the Group, for a consideration of approximately Pesos 22.4 billion (US$454.7 million), which was subsequently adjusted to Pesos 21.2 billion (US$429.7 million) to reflect the dividend of Pesos 1.2 billion (US$25.0 million) received from GBPC by Beacon PowerGen in May 2021. The transaction was approved by the Company's shareholders on 2 March 2021 and completed on 31 March 2021, and 60% of the adjusted consideration, i.e. Pesos 12.7 billion (US$257.8 million), was settled in cash upfront. The unpaid instalment balance shall earn interest at the rate of 2.0% per annum from the completion date until payment. 20% of the adjusted consideration, i.e. Pesos 4.25 billion (US$85.6 million), was settled in September 2021.

At 31 December 2021, the present value of the remaining 20% outstanding consideration receivable due in September 2022 of Pesos 4.25 billion amounting to Pesos 4.2 billion (US$82.7 million) (including accrued interest of Pesos 78 million (US$1.5 million)) was included in the current portion of accounts receivable, other receivables and prepayments. For details, please refer to Note 7 to the Consolidated Financial Statements.

(C) At 31 December 2021, FPM Power had outstanding loans of US$113.5 million (2020: US$113.5 million) due to MPG Asia Limited. The loans are unsecured, interest-free and repayable on demand, and were included in the current portion of deferred liabilities, provisions and payables (Note 28).

(D) In March 2021, Petronas partially capitalized its outstanding loans of US$50.1 million into equity of PLP. There was no change in shareholdings in PLP following the pro-rata capitalization.

On 1 July 2021, Petronas sold its 30% interest in PLP and its outstanding loans of US$17.6 million to MPG Asia Limited at a consideration of US$15.0 million. MPG Asia Limited subsequently capitalized the remaining loans of US$17.6 million into equity of PLP. As such, PLP did not have further loans and interest payable due to non-controlling shareholder on 31 December 2021.

For the period ended 30 June 2021, PLP accrued interest expenses of US$1.3 million (For the year ended 31 December 2020: US$4.6 million) to Petronas, which were capitalized as part of the outstanding loans from Petronas.

At 31 December 2020, Petronas had outstanding loans due from PLP of approximately US$67.2 million, which were included in the non-current portion of deferred liabilities, provisions and payables (Note 28). The loans are unsecured, subject to a variable LIBOR and are payable semi-annually. The tenor for each loan shall be 10 years. PLP also had outstanding interest payable of approximately US$12 thousand due to Petronas, which is included in accounts payable, other payables and accruals.

(E) FPM Power has a support service agreement with MGen with effect from 1 January 2015. Under the agreement, FPM Power shall pay MGen for its support services rendered under the agreement until terminated in writing by MGen and FPM Power. The agreement was terminated on 30 September 2021 and replaced with a support service agreement with GBPC as described in Note 38(F) with effect from 1 October 2021.

For the period ended 30 September 2021, the fees under the above arrangement amounted to US$0.8 million (For the year ended 31 December 2020: US$1.0 million).

At 31 December 2021, FPM Power had no (2020: US$0.4 million was included in accounts payable, other payables and accruals) outstanding service fees payable to MGen.

(F) FPM Power has a support service agreement with GBPC with effect from 1 October 2021. Under the agreement, FPM Power shall pay GBPC for its support services rendered under the agreement until terminated in writing by GBPC and FPM Power.

From 1 October 2021 to 31 December 2021, the fees under the above arrangement amounted to US$0.3 million.

At 31 December 2021, FPM Power had outstanding service fees payable to GBPC of US$0.3 million, which was included in accounts payable, other payables and accruals.

(G) On 1 March 2018, First Pacific Investment Management Limited ("FPIML"), a wholly-owned subsidiary company of the Company, entered into an advisory services agreement with Smart. The agreement is for a period of one year subject to a 12-month automatic renewal unless either party notifies the other party of its intent not to renew the agreement. FPIML provides advisory and related services in connection with the operation of Smart's business of providing mobile communications services, high-speed internet connectivity, and access to digital services and content. The agreement provides that Smart shall pay a monthly service fee of US$0.25 million and any additional fee shall be mutually agreed upon by both parties on a monthly basis. On 26 March 2020, Smart and FPIML mutually agreed to reduce the monthly service fee to US$0.1 million from US$0.25 million in consideration of the services provided under this agreement, effective 1 April 2020. Starting from 1 April 2021, the monthly service fee was increased from US$0.1 million to US$0.22 million to commensurate with the services provided.

For the year ended 31 December 2021, the fees under this agreement amounted to approximately US$2.28 million (2020: US$1.65 million). At 31 December 2021, FPIML had no (2020: US$0.2 million was included in current portion of accounts receivable, other receivables and prepayments) outstanding receivable from Smart under this agreement.

(H) In December 2014, Asia Link B.V. ("ALBV"), a wholly-owned subsidiary company of the Company, entered into a subscription agreement with SMECI, a wholly-owned subsidiary company of Philex, in respect of the subscription for the SMECI's notes with a principal amount of Pesos 5.04 billion (US$98.8 million) (out of the total Pesos 7.2 billion (US$141.2 million) SMECI's notes), principally for financing capital expenditure of the Silangan project and repaying the advances from Philex. The SMECI's notes bear interest at a coupon rate of 1.5%, payable semi-annually every 18 June and 18 December and has a maturity of 8 years. A redemption premium, payable at a rate of 3% per annum, retroactively from the issue date and compounded semi-annually, will apply upon the maturity of the SMECI's notes.

For the year ended 31 December 2021, ALBV accrued interest income of US$5.3 million (2020: US$5.2 million) on these notes. At 31 December 2021, ALBV had outstanding interest receivable of approximately US$54 thousand (2020: US$57 thousand) due from SMECI.

(I) On 27 June 2017, MPIC acquired from PCEV, a subsidiary company of PLDT, the remaining 25% interest in Beacon Electric's common and preferred shares at a consideration of Pesos 21.8 billion (US$435.6 million), of which Pesos 12.0 billion (US$239.8 million) was settled in cash upfront and the remaining Pesos 9.8 billion (US$195.8 million) would be settled by instalments until June 2021. The outstanding payable of Pesos 2.45 billion (US$51.0 million) (with a present value of US$49.7 million), which was included in the current portion of deferred liabilities, provisions and payables (Note 28) at 31 December 2020, was fully settled in June 2021.

On 30 May 2016, MPIC acquired from PCEV, a 25% interest in Beacon Electric's common shares and preferred shares at a total consideration of Pesos 26.2 billion (US$549.6 million), of which Pesos 17.0 billion (US$356.6 million) was settled in cash upfront and the remaining Pesos 9.2 billion (US$193.0 million) was fully settled in June 2020.

(J) At 31 December 2021, Mr. Pangilinan owned US$1.0 million (2020: US$1.0 million) of bonds due 2027 issued in September 2020 by FPC Resources Limited, a wholly-owned subsidiary company of the Company, and earned interest income of US$43,750 (2020: US$13,490) from these bonds for the year ended 31 December 2021.

(K) Under certain framework agreements, Indofood has engaged in trade transactions in the ordinary course of business with certain of its associated companies, joint ventures and affiliated companies which are related to the Salim Family either through its control or joint control. Mr. Anthoni Salim is the Chairman and a substantial shareholder of the Company and is the President Director and Chief Executive Officer of Indofood.

All significant transactions with related parties, whether or not conducted under normal terms and conditions similar to those with non-related parties, are disclosed as follows:

Nature of Transactions

For the year ended 31 December US$ millions	2021	2020
Income Statement Items		
Sales of finished goods		
– to affiliated companies	**570.3**	554.3
– to an associated companies	**31.1**	9.7
Purchases of raw materials and finished goods		
– from a joint venture	**21.1**	19.2
– from affiliated companies	**1.7**	2.2
Outsourcing expenses		
– to affiliated companies	**29.0**	27.6
Insurance expenses		
– to affiliated companies	**10.1**	10.5
Pump services expenses		
– to affiliated companies	**0.5**	0.5
Royalty and technical income		
– from an associated company	**5.1**	1.4
– from affiliated companies	**2.6**	14.7
Rental income		
– from affiliated companies	**1.7**	1.5

For the year ended 31 December 2021, Indofood also made lease payments of US$0.9 million (2020: US$0.4 million) to affiliated companies for the settlement of lease liabilities recognized.

Approximately 9% (2020: 10%) of Indofood's sales and 0.5% (2020: 0.6%) of its purchases were transacted with these related parties.

Nature of Balances

At 31 December US$ millions	**2021**	2020
Statement of Financial Position Items		
Accounts receivable – trade		
– from affiliated companies	**88.0**	70.2
– from an associated company	**9.8**	8.7
Accounts receivable – non-trade		
– from an associated company	**30.2**	27.6
– from affiliated companies	**15.0**	15.1
Accounts payable – trade		
– to affiliated companies	**8.6**	5.2
– to an associated company	**–**	0.4
Accounts payable – non-trade		
– to affiliated companies	**43.4**	36.6

Certain of the above Indofood's related party transactions also constitute continuing connected transactions as defined in Chapter 14A of the Listing Rules and their details are disclosed in the Corporate Governance Report on pages 64 to 74.

(L) In March 2018, Maynilad, a subsidiary company of MPIC, renewed the framework agreement with D.M. Consunji, Inc. ("Consunji"), a subsidiary company of DMCI Holdings, Inc. (a 27.2% shareholder of Maynilad Water Holding Company, Inc., Maynilad's parent company) for the period from 1 January 2018 to 31 December 2020 on substantially the same terms as the previous framework agreement in relation to the provision of engineering, procurement and/or construction services by Consunji to Maynilad. In October 2019, the estimated annual caps for years 2019 and 2020 under the aforesaid framework agreement were revised to accommodate acceleration of water and wastewater infrastructure projects in the Philippines. In February 2021, the framework agreement was further renewed for the period from 19 February 2021 to 31 December 2023 with new annual caps.

All significant transactions with Consunji, whether or not conducted under normal terms and conditions similar to those with non-related parties, are disclosed as follows:

Nature of Transactions

For the year ended 31 December US$ millions	**2021**	2020
Capital Expenditure Item		
Construction services for water infrastructure	**0.3**	100.8

(M) In January 2020, NLEX Corporation, a subsidiary company of MPIC, entered into a construction contract with Consunji pursuant to which Consunji has agreed to construct and complete the civil works for Section 1 of the Connector Road in the Philippines, which covers the construction of a 4-lane carriageway and two interchanges located at C3 Road/5th Avenue, Caloocan City and España in Manila.

All significant transactions with Consunji, whether or not conducted under normal terms and conditions similar to those with non-related parties, are disclosed as follows:

Nature of Transactions

For the year ended 31 December US$ millions	**2021**	2020
Capital Expenditure Item		
Construction services	**–**	155.0

(N) MPIC, RHI and their subsidiary companies were charged for electricity expenses by Meralco, an associated company of the Group.

All significant transactions with Meralco, whether or not conducted under normal terms and conditions similar to those with non-related parties, are disclosed as follows:

Nature of Transactions

For the year ended 31 December US$ millions	**2021**	2020
Income Statement Item		
Electricity expenses	**24.3**	21.0

Nature of Balances

At 31 December US$ millions	**2021**	2020
Statement of Financial Position Item		
Accounts payable – trade	**2.1**	2.5

(O) MPIC, RHI and their subsidiary companies were charged for voice and data services provided by PLDT, an associated company of the Group.

All significant transactions with PLDT, whether or not conducted under normal terms and conditions similar to those with non-related parties, are disclosed as follows:

Nature of Transactions

For the year ended 31 December US$ millions	**2021**	2020
Income Statement Item		
Voice and data service expenses	**3.5**	1.6

Nature of Balances

At 31 December US$ millions	**2021**	2020
Statement of Financial Position Item		
Accounts payable - trade	**1.5**	1.9

(P) MPIC and its subsidiary companies were charged for information technology management and consultancy services provided by Indra Philippines Inc. ("Indra"), an associated company of the Group.

All significant transactions with Indra, whether or not conducted under normal terms and conditions similar to those with non-related parties, are disclosed as follows:

Nature of Transactions

For the year ended 31 December US$ millions	**2021**	2020
Income Statement Item		
Information technology management and consultancy expenses	**7.0**	7.7

Nature of Balances

At 31 December US$ millions	**2021**	2020
Statement of Financial Position Item		
Accounts payable - trade	**0.6**	–

(Q) MPIC had the following transactions with Landco Pacific Corporation ("Landco"), a joint venture of the Group.

All significant transactions with Landco, whether or not conducted under normal terms and conditions similar to those with non-related parties, are disclosed as follows:

Nature of Balances

At 31 December US$ millions	**2021**	2020
Statement of Financial Position Item		
Amount due from a joint venture	**71.2**	53.6
Less: Impairment provisions	**(71.2)**	(53.6)
	–	–

During the year ended 31 December 2021, the Group recognized an additional impairment loss of US$18.2 million (2020: US$21.1 million) to write down the amount due from Landco as the recoverability is in doubt based on historical record.

(R) At 31 December 2020, MPIC and its subsidiary companies had an amount of US$39.1 million due from Alsons Thermal Energy Corporation, an associated company of the Group until the deconsolidation of GBPC on 31 March 2021.

(S) GBPC, a subsidiary company of the Group up to 31 March 2021 (the date of deconsolidation of GBPC), sold electricity to Meralco, an associated company of the Group.

All significant transactions with Meralco, whether or not conducted under normal terms and conditions similar to those with non-related parties, are disclosed as follows:

Nature of Transactions

For the year ended 31 December US$ millions	**2021**	2020
Income Statement Item		
Sale of electricity	**7.8**(i)	36.7

(i) Relates to the period from 1 January 2021 to 31 March 2021 (the date of deconsolidation of GBPC)

Nature of Balances

At 31 December US$ millions	**2021**	2020
Statement of Financial Position Item		
Accounts receivable – trade	**–**	8.9(ii)

(ii) Following the classification of GBPC as a disposal group held for sale in December 2020, the amount is included under assets held for sale.

(T) Disclosures pursuant to Chapter 14A.72 of the Listing Rules as at 31 December 2021:

(I) Related party transactions numbered (A), (B), (I), (K), (L) and (M) are connected transactions, or continuing connected transactions, under Chapter 14A of the Listing Rules. The Company has complied with the disclosure requirements for such connected transactions, or continuing connected transactions, in accordance with Chapter 14A of the Listing Rules.

(II) Related party transactions numbered (C), (D), (E), (F), (J), (N) and (S) are connected transactions, or continuing connected transactions, under Chapter 14A of the Listing Rules, but are fully exempted from all disclosure requirements.

(III) Related party transactions numbered (G), (H), (O), (P), (Q) and (R) are not connected transactions, or continuing connected transactions, under Chapter 14A of the Listing Rules.

39. Financial Instruments

(A) Financial Instruments by Category

(a) Financial assets

The following table summarizes the Group's financial assets at the end of the reporting period:

US$ millions	2021 Financial assets at amortized cost	2021 Financial assets at FVOCI	2021 Derivative instruments(i)	2021 Total	2020 Financial assets at amortized cost	2020 Financial assets at FVOCI	2020 Derivative instruments(i)	2020 Total
Accounts and other receivables (Non-current)	**51.8**	**–**	**1.7**	**53.5**	52.2	–	1.8	54.0
Financial assets at FVOCI (Non-current)	**–**	**361.1**	**–**	**361.1**	–	426.0	–	426.0
Other non-current assets	**92.6**	**–**	**–**	**92.6**	110.9	–	–	110.9
Cash and cash equivalents and short-term deposits	**3,209.3**	**–**	**–**	**3,209.3**	2,377.8	–	–	2,377.8
Restricted cash	**53.6**	**–**	**–**	**53.6**	50.2	–	–	50.2
Financial assets at FVOCI (Current)	**–**	**205.0**	**–**	**205.0**	–	3.3	–	3.3
Accounts and other receivables (Current)	**1,017.7**	**–**	**78.9**	**1,096.6**	837.0	–	6.0	843.0
Total	**4,425.0**	**566.1**	**80.6**	**5,071.7**	3,428.1	429.3	7.8	3,865.2

(i) Represents derivative assets designated as hedging instruments

(b) Financial liabilities

The following table summarizes the Group's financial liabilities at the end of the reporting period:

US$ millions	2021 Financial liabilities at amortized cost	2021 Financial liabilities at FVPL	2021 Derivative instruments(ii)	2021 Total	2020 Financial liabilities at amortized cost	2020 Financial liabilities at FVPL	2020 Derivative instruments(ii)	2020 Total
Accounts payable, other payables and accruals	**1,476.5**	**–**	**–**	**1,476.5**	1,348.2	–	–	1,348.2
Short-term borrowings	**1,645.7**	**–**	**–**	**1,645.7**	1,659.7	–	–	1,659.7
Current portion of deferred liabilities, provisions and payables	**261.9**	**650.0**	**34.1**	**946.0**	395.3	–	10.5	405.8
Long-term borrowings	**9,482.7**	**–**	**–**	**9,482.7**	8,973.9	–	–	8,973.9
Deferred liabilities, provisions and payables (Non-current)	**759.9**	**–**	**0.5**	**760.4**	739.7	650.0	2.9	1,392.6
Total	**13,626.7**	**650.0**	**34.6**	**14,311.3**	13,116.8	650.0	13.4	13,780.2

(ii) Represents derivative liabilities designated as hedging instruments

(B) Fair Values of Financial Instruments

The fair values of the financial assets and liabilities are determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following methods and assumptions were used to estimate the fair value of each class of financial instruments:

- Fair values of cash and cash equivalents and short-term deposits, restricted cash, current accounts and other receivables, accounts payable, other payables and accruals, short-term borrowings and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these financial instruments.

- Fair values of non-current accounts and other receivables and other non-current assets are evaluated based on the discounted values of the expected future cash flows using the prevailing market rates for similar types of assets.

- Fair values of listed investments included in financial assets at FVOCI are derived from quoted market prices in active markets.

- Fair values of unlisted investments included in financial assets at FVOCI are measured by discounted cash flow models, by reference to the most recent transaction prices, market comparable companies or valuations of the underlying assets supported by independent sources.

- Fair value of the retention amount payable included in financial liabilities at FVPL is determined based on the present value of the expected payment under a discounted cash flow method.

- Long-term borrowings with fixed interest rates and other non-current financial liabilities are evaluated based on the discounted value of the expected future cash flows using the prevailing market rates for similar types of liabilities. Fair values of long-term borrowings with variable interest rates approximate their carrying amounts because of regular repricing based on market conditions. Fair values of listed bonds are derived from quoted market prices in active markets.

- Derivative assets/liabilities in respect of derivative financial instruments, such as foreign exchange forward contracts, fuel swaps, electricity futures and interest rate swaps, are valued using valuation techniques with market observable inputs. The most frequently applied valuation techniques include the use of present value calculations of future cash flows by reference to current forward exchange rates and fuel prices for contracts with similar maturity profiles and market values for similar instruments with similar maturity profiles.

The following table shows a comparison between the carrying amounts and fair values of the Group's financial instruments with carrying amounts not equal or reasonably approximating their fair values at the end of the reporting period. The Group's financial instruments with carrying amounts equal or reasonably approximating their fair values at 31 December 2021 and 2020 and lease liabilities are not included in this table.

	2021		2020	
US$ millions	**Carrying amount**	**Fair Value**	Carrying amount	Fair value
Financial Liabilities				
Long-term borrowings	**9,482.7**	**9,675.0**	8,973.9	9,676.0
Deferred liabilities, provisions and payables (Non-current) (other than lease liabilities)	**720.9**	**694.7**	682.1	736.1
Total	**10,203.6**	**10,369.7**	9,656.0	10,412.1

(C) Fair Value Hierarchy

The Group uses the following hierarchy for determining and disclosing the fair values of financial instruments:

- Level 1: fair values measured based on quoted prices (unadjusted) in active markets for identical assets or liabilities

- Level 2: fair values measured based on valuation techniques for which all inputs which have a significant effect on the recorded fair values are observable, either directly or indirectly

- Level 3: fair values measured based on valuation techniques for which any inputs which have a significant effect on the recorded fair values that are not based on observable market data (unobservable inputs)

The Group held the following financial instruments measured at fair value at the end of the reporting period:

	2021				2020			
US$ millions	**Level 1**	**Level 2**	**Level 3**	**Total**	Level 1	Level 2	Level 3	Total
Financial assets at FVOCI								
– Listed equity investments	**328.4**	**–**	**–**	**328.4**	276.9	–	–	276.9
– Unlisted investments	**–**	**209.5**	**28.2**	**237.7**	–	133.2	19.2	152.4
Derivative assets[(i)]	**63.8**	**16.8**	**–**	**80.6**	0.6	7.2	–	7.8
Derivative liabilities[(ii)]	**(31.7)**	**(2.9)**	**–**	**(34.6)**	–	(13.4)	–	(13.4)
Financial liabilities at FVPL[(ii)]	**–**	**–**	**(650.0)**	**(650.0)**	–	–	(650.0)	(650.0)
Net Amount	**360.5**	**223.4**	**(621.8)**	**(37.9)**	277.5	127.0	(630.8)	(226.3)

(i) Included within accounts receivable, other receivables and prepayments
(ii) Included within deferred liabilities, provisions and payables

The fair values of unlisted investments, derivative assets and derivative liabilities in Level 2 are measured by reference to the most recent transaction prices, valuation of the underlying assets supported by independent sources and using the discounted cash flow models as described in Note 39(B) to the Consolidated Financial Statements.

The fair values of certain unlisted equity investments included in unlisted investments in the above table are categorized within Level 3 and are determined using the EBITDA multiple of comparable listed companies adjusted for lack of marketability discount up to 30% (2020: 30%) and adjusted for the net debt of the investee, if applicable. The movements during the year are as follows:

US$ millions	**2021**	2020
At 1 January	**19.2**	15.8
Changes in fair value	**10.5**	2.5
Exchange translation	**(1.5)**	0.9
At 31 December	**28.2**	19.2

The fair value of financial liabilities at FVPL categorized with Level 3 is determined based on the present value of the expected payment. There is no movement in the balance during the year.

For financial instruments that are recognized at fair value at the end of each reporting period, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. During the year ended 31 December 2021 and 2020, there were no transfers of fair value measurements among Level 1, Level 2 and Level 3.

40. Capital and Financial Risk Management

(A) Capital Management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to ensure that it maintains an optimal capital structure for supporting the stability and growth of its business and maximizing shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the distribution payment to shareholders, return capital to shareholders, repurchase shares or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2021 and 2020.

The Group monitors capital using a gearing ratio. The Group's policy is to keep the gearing ratio at an optimal level which supports its business. The Group's net debt includes short-term borrowings and long-term borrowings, less cash and cash equivalents and short-term deposits, and restricted cash. The total equity includes equity attributable to owners of the parent and non-controlling interests.

US$ millions	**2021**	2020
Short-term borrowings	**1,645.7**	1,659.7
Long-term borrowings	**9,482.7**	8,973.9
Less: Cash and cash equivalents and short-term deposits	**(3,209.3)**	(2,377.8)
Less: Restricted cash	**(53.6)**	(50.2)
Net debt	**7,865.5**	8,205.6
Equity attributable to owners of the parent	**3,298.6**	3,140.0
Non-controlling interests	**7,314.5**	7,488.5
Total equity	**10,613.1**	10,628.5
Gearing ratio (times)	**0.74**	0.77

(B) Financial Risk Management

The Group's principal financial instruments include various financial assets (which comprise accounts receivable, other receivables, financial assets at FVOCI, cash and cash equivalents and short-term deposits, and restricted cash) and financial liabilities (which comprise accounts payable, other payables and accruals, short-term borrowings, long-term borrowings, and deferred liabilities and provisions). The main purpose of the cash and cash equivalents and short-term deposits, and short-term and long-term borrowings is to finance the Group's operations and investments. The other financial assets and liabilities, such as accounts receivable and accounts payable, mainly arise directly from its operations.

The Group also issues fixed interest rate bonds, arranges borrowings in local currencies and enters into derivative transactions, including principally fuel swaps, foreign currency forwards, interest rate swaps and electricity futures. The purpose is to manage the price, currency and interest rate risks arising from the Group's operations, investments and its sources of finance.

The fuel swaps are used to manage the risk arising from fluctuations in fuel costs. Under the fuel swaps, the Group agrees with other parties or clears through Intercontinental Exchange to exchange, at specified intervals, the difference between fixed rate and floating rate amounts calculated by reference to the agreed notional purchase quantity. The fair value of fuel swaps is calculated by reference to current forward fuel prices for contracts with similar maturity profiles.

The foreign currency forwards are used to manage the risk arising from fluctuations in foreign exchange rates. Under the foreign currency forwards, the Group contracts with other parties to exchange at the maturity date the foreign currency amounts at the agreed exchange rates. The terms of the foreign currency forwards have been negotiated based on the expected highly probable forecast transactions. If changes in circumstances affect the terms of the hedged item such that the critical terms no longer match exactly with the critical terms of the hedging instrument, the Group will assess the ineffectiveness. The hedge ratio is determined to be 1:1. The fair value of foreign currency forwards is calculated by reference to current forward exchange rates for contracts with similar maturity profiles.

The interest rate swaps are used to manage the risk arising from fluctuations in interest rates. Under the interest rate swaps, the Group agrees with other parties to exchange at the maturity date the difference between the fixed interest rate and floating interest rate of the notional amount. The Group determines the economic relationship between the borrowings and the derivatives by matching the critical terms of the hedging instruments with the terms of the hedged items. There were no expected sources of ineffectiveness as the critical terms of the interest rate swaps match exactly with the terms of the hedged items. The fair value of interest rate swap contracts is determined by reference to forward interest rates for similar instruments with similar maturity profiles.

The electricity futures are used to manage the risk arising from fluctuations in prices of electricity. Under the electricity futures, the Group clears through SGX to exchange, at the maturity date the difference between the fixed rate and floating rate of electricity prices on the notional quantity. The fair value of electricity futures is calculated by reference to Uniform Singapore Energy Price monthly or quarterly base load electricity futures prices quoted on SGX.

The Group applies hedge accounting for those contracts which qualify as effective hedges. For the purpose of hedge accounting, these hedges are classified as cash flow hedges, as the contracts are used to hedge exposure to variability of cash flows that is either attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction.

Details of the fair value of the Group's fuel swaps, foreign currency forwards, electricity futures and interest rate swaps at the end of the reporting period are set out below:

	2021		2020	
US$ millions	**Assets**	**Liabilities**	Assets	Liabilities
Cash flow hedges				
– Fuel swaps	**15.6**	**1.6**	7.1	4.5
– Foreign currency forwards	**0.4**	**0.8**	0.1	5.9
– Electricity futures	**63.8**	**31.7**	0.6	–
– Interest rate swaps	**0.8**	**0.5**	–	3.0
Total	**80.6**	**34.6**	7.8	13.4
Represented by:				
Non-current portion	**1.7**	**0.5**	1.8	2.9
Current portion	**78.9**	**34.1**	6.0	10.5
Total	**80.6**	**34.6**	7.8	13.4

The notional amount of the Group's fuel swaps, foreign currency forwards, electricity futures and interest rate swaps at the end of the reporting period are set out below:

US$ millions	2021	2020
Cash flow hedges		
– Fuel swaps	**149.1**	242.0
– Foreign currency forwards	**174.0**	171.9
– Electricity futures	**39.4**	7.3
– Interest rate swaps	**130.0**	130.0
Total	**492.5**	551.2
Represented by:		
Non-current portion	**171.6**	182.0
Current portion	**320.9**	369.2
Total	**492.5**	551.2

The movements of the Group's unrealized gains/losses on cash flow hedges attributable to owners of the parent in relation to the above derivative financial instruments are disclosed in Note 33. The Group's accounting policies in relation to derivatives are set out in Note 2(D)(m) to the Consolidated Financial Statements.

The main risks arising from the Group's financial instruments are market risk (including currency risk and price risk), credit risk, liquidity risk and fair value and cash flow interest rate risks. The Company's Board of Directors reviews and agrees policies for managing each of these risks and they are summarized below:

(a) Market risk

(I) Currency risk

To manage the Group's foreign exchange risk arising from future commercial transactions, recognized assets and liabilities, and to improve investment and cash flow planning, in addition to natural hedges, the Group enters into and engages in foreign exchange contracts for the purpose of managing its foreign exchange rate exposures emanating from business, transaction specific, as well as currency translation risks and reducing and/or managing the adverse impact of changes in foreign exchange rates on the Group's results and cash flows.

The following table summarizes the Group's exposure at the end of the reporting period to currency risk arising from recognized financial assets and liabilities denominated in a currency different from the functional currencies of the Group's subsidiary companies.

US$ millions	2021	2020
Accounts receivable and other receivables	**316.0**	80.1
Cash and cash equivalents and short-term deposits	**1,284.8**	542.3
Short-term borrowings and long-term borrowings	**(3,356.9)**	(2,568.9)
Accounts payable, other payables and accruals	**(88.9)**	(16.8)
Deferred liabilities, provisions and payables	**(714.9)**	(800.3)
Net Amount	**(2,559.9)**	(2,763.6)

The following table demonstrates the sensitivity arising from the Group's financial assets and liabilities as listed above to a reasonably possible change in the exchange rates of the Rupiah, Peso and S$, with all other variables held constant, of the Group's profit attributable to owners of the parent and retained earnings. There is no significant impact on the other components of the Group's equity.

	2021		2020	
US$ millions	**(Depreciation)/ appreciation against the U.S. dollar (%)**	**Decrease in profit attributable to owners of the parent and retained earnings**	Depreciation against the U.S. dollar (%)	Decrease in profit attributable to owners of the parent and retained earnings
Rupiah	**(2.3)**	**(19.6)**	(2.7)	(25.8)
Peso	**(1.9)**	**(2.4)**	(4.0)	(3.3)
S$	**0.1**	**–**	(2.4)	(1.1)

(II) Price risk

The Group is primarily exposed to securities price risk which principally relates to the changes in the market value of its listed equity investments, which include the Group's investments in principal subsidiary and associated companies in the Philippines, Indonesia and Singapore and the other listed equity investments held by the Group and classified as financial assets at FVOCI on the Group's consolidated statement of financial position.

In addition, the Group is also exposed to commodity price risk for its consumer food products and power businesses due to certain factors, such as weather, government policies, level of demand and supply in the market and the global economic environment. Such exposure mainly arises from its purchases of wheat flour, cooking oil, skim milk powder and CPO (which are the main raw materials used to produce consumer food products) and the usage of fuel in the generation of electricity where the profit margins on the sales of its consumer food products and electricity may be affected if the costs of production/generation increase and the Group is unable to pass on such cost increases to its customers.

The Group's policy is to minimize the risks of its raw material costs arising from the fluctuations in the commodity prices by maintaining an optimum inventory level of wheat flour, cooking oil and skim milk powder for a continuous production and increasing self-sufficiency in the supply of CPO for the refinery operations (through the purchase of CPO from the Group's own plantations). In addition, the Group may seek to mitigate its risks by periodically adjusting the prices of the consumer food products. For the years ended 31 December 2021 and 2020, no hedging in the said commodity price risk have been undertaken.

The Group has entered into fuel swap contracts for its power business that oblige it to make payments for fuel at fixed prices on an agreed notional purchase quantity and receive payments for fuel at floating prices on the same amounts.

The Group has also entered into electricity futures for its power business that oblige it to make or receive payments for electricity futures at fixed rates of electricity prices on a notional quantity and receive or make payments for electricity futures at floating rates of electricity prices on the same quantity.

At 31 December 2021, if the fuel and electricity prices increased/decreased by 10% (2020: 10%), the Group's unrealized cash flow hedge reserve and equity attributable to owners of the parent would have been US$9.4 million (2020: US$6.1 million) higher/lower, with all the other variables being held constant.

(b) Credit risk

For the consumer food products business, the Group has credit risk arising from the credit given to the customers, but it has policies in place to ensure that wholesales of products are made to creditworthy customers with an appropriate credit history. The Group has policies that limit the amount of credit exposure to any particular customer, such as requiring sub-distributors to provide bank guarantees. For the water business, the Group generally allows seven to 60 days of credit for its water and sewerage service customers, and 45 to 60 days of credit for its bulk water supply customers. In addition, receivable balances are monitored on an ongoing basis to reduce the Group's exposure to bad debts. For the power business, the Group generally allows 30 days of credit to its customers. PLP also requires deposits and/or guarantees from creditworthy financial institutions to secure substantial obligations of its customers.

Maximum exposure and year-end staging:

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 December. The amounts presented are gross carrying amounts for financial assets and the exposure to credit risk for the financial guarantee contracts.

	12-month ECLs	Lifetime ECLs			
US$ millions	Stage 1	Stage 2	Stage 3	Simplified approach	**2021 Total**
Debt investments at FVOCI					
– Not yet past due	207.0	–	–	–	**207.0**
Accounts receivable[(i)]	–	–	–	771.0	**771.0**
Contract assets[(i)]	–	–	–	23.5	**23.5**
Financial assets included in other receivables and other non-current assets					
– Not yet past due	406.0	–	–	–	**406.0**
Restricted cash					
– Not yet past due	53.6	–	–	–	**53.6**
Cash and cash equivalents and short-term deposits					
– Not yet past due	3,209.3	–	–	–	**3,209.3**
Guarantees for planation farmers' loan facilities					
– Not yet past due	21.1	–	–	–	**21.1**
Total	**3,897.0**	**–**	**–**	**794.5**	**4,691.5**

(i) For accounts receivable and contract assets to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in Note 17 to the Consolidated Financial Statements.

US$ millions	12-month ECLs Stage 1	Lifetime ECLs Stage 2	Stage 3	Simplified approach	2020
Total					
Debt investments at FVOCI					
– Not yet past due	129.4	–	–	–	129.4
Accounts receivable[(i)]	–	–	–	721.4	721.4
Contract assets[(i)]	–	–	–	21.9	21.9
Financial assets included in other receivables and other non-current assets					
– Not yet past due	320.4	–	–	–	320.4
Restricted cash					
– Not yet past due	50.2	–	–	–	50.2
Cash and cash equivalents and short-term deposits					
– Not yet past due	2,377.8	–	–	–	2,377.8
Guarantees for planation farmers' loan facilities					
– Not yet past due	30.8	–	–	–	30.8
Total	2,908.6	–	–	743.3	3,651.9

(i) For accounts receivable and contract assets to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in Note 17 to the Consolidated Financial Statements.

(c) Liquidity risk

The Group manages its liquidity profile to be able to finance its capital expenditure and service its maturing debts by maintaining sufficient cash and marketable securities, and the availability of funding through an adequate amount of committed credit facilities.

The Group regularly evaluates its projected and actual cash flow information and continuously assesses conditions in the financial markets for opportunities to pursue fund-raising initiatives. These initiatives may include bank loans, debt capital and equity capital issues.

The maturity profile of the Group's financial liabilities based on the contractual undiscounted payments, including future interest payments, and contingent liabilities in terms of guarantees given at the end of the reporting period, is as follows:

	Accounts payable, other payables and accruals		Borrowings		Deferred liabilities and provisions (other than lease liabilities)		Lease liabilities		Guarantees for plantation farmers' loan facilities		Total	
US$ millions	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020
Not exceeding one year	**1,476.5**	1,348.2	**1,957.9**	1,852.8	**968.7**	394.7	**14.0**	18.3	**2.0**	2.9	**4,419.1**	3,616.9
More than one year but not exceeding two years	**–**	–	**1,110.8**	1,068.7	**175.2**	775.2	**20.2**	14.0	**2.5**	3.6	**1,308.7**	1,861.5
More than two years but not exceeding five years	**–**	–	**3,165.3**	4,532.9	**179.9**	241.2	**8.8**	23.7	**10.1**	14.8	**3,364.1**	4,812.6
More than five years	**–**	–	**7,967.1**	4,106.8	**356.0**	379.1	**16.4**	28.7	**6.5**	9.5	**8,346.0**	4,524.1
Total	**1,476.5**	1,348.2	**14,201.1**	11,561.2	**1,679.8**	1,790.2	**59.4**	84.7	**21.1**	30.8	**17,437.9**	14,815.1

(d) Fair value and cash flow interest rate risks

The Group's interest rate risk arises from interest-bearing borrowings, cash and cash equivalents and short-term deposits, and restricted cash. Borrowings and cash and cash equivalents with variable interest rate terms expose the Group to cash flow interest rate risk. Borrowings with fixed interest rate terms expose the Group to fair value interest rate risk. At 31 December 2021, 70.6% (2020: 52.6%) of the Group's borrowings were effectively at fixed interest rates.

The following table demonstrates the sensitivity arising from the Group's financial assets and liabilities at the end of the reporting period to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit attributable to owners of the parent and retained earnings (through the impact on variable rate borrowings and cash and cash equivalents). There is no significant impact on the other components of the Group's equity. The assumed basis point increase or decrease represents management's assessment of a reasonably possible change in those interest rates of which the Group is mainly exposed to, namely, the U.S. dollar, Rupiah, Peso and S$ interest rates, over the period until the ending date of the next annual reporting period.

	2021		2020	
US$ millions	**Increase (Basis points)**	**(Decrease)/ increase in profit attributable to owners of the parent and retained earnings**	Increase/ (decrease) (Basis points)	(Decrease)/ increase in profit attributable to owners of the parent and retained earnings
Interest rates for				
– U.S. dollar	**150**	**(1.4)**	5	(0.5)
– Rupiah	**50**	**(0.9)**	(25)	0.7
– Peso	**50**	**0.9**	50	1.2
– S$	**50**	**(0.9)**	5	(0.1)

Risks arising from the interest rate benchmark reform

Following the decision by global regulators to phase out the existing interest rate benchmarks and replace them with alternative RFRs, the Group is evaluating the impact on its existing hedge relationships. The Group has adopted the temporary reliefs provided by the amendments to HKAS 39, HKFRS 7 and HKFRS 9 which enable the hedge accounting of the Group to continue during the period of uncertainty, which is before the replacement of an existing interest rate benchmark with an alternative RFR.

At 31 December 2021, the Group had certain interest-bearing borrowings denominated in the United States dollars and foreign currencies based on the LIBOR and various IBOR, respectively. In addition, the Group currently has applied cash flow hedge to manage the cash flow interest rate risk of bank borrowings, denominated in the United States dollars based on LIBOR by using interest rate swaps. Replacement of the benchmark rates of these instruments from LIBOR to RFR has yet to commence but it is expected that there will be renegotiations of terms in the future. During the transition, the Group is exposed to the following risks:

- Parties to the contract may not reach agreement in a timely manner as any changes to the contractual terms require the agreement of all parties to the contract,
- Additional time may be needed for the parties to the contract to reach agreement as they may renegotiate terms which are not part of the interest rate benchmark reform (e.g., changing the credit spread of the borrowings due to changes in credit risk of the Group), and
- The existing fallback clause included in the financial instruments may not be adequate to facilitate a transition to a suitable RFR.

The Group will continue to monitor the development of the reform and take proactive measures for a smooth transition.

The carrying amounts of financial instruments based on an IBOR that have yet to transition to an alternative benchmark rate at 31 December 2021 are summarized as follows:

US$ millions	2021
Non-derivative liabilities	
Bank loans – US$ LIBOR	**1,162.3**
– S$ Swap Offer Rate	**459.8**
	1,622.1
Derivative assets, net	
Interest rate swaps – US$ LIBOR	**0.3**(i)

(i) The notional amount of the interest rate swaps is US$130.0 million and will mature in 2024.

41. Statement of Financial Position of the Company

The Company's statement of financial position is as follows:

At 31 December US$ millions	2021	2020
Non-current Assets		
Subsidiary companies	**189.3**	189.7
Financial assets at FVOCI	**1.3**	1.1
Other receivables	**0.8**	–
	191.4	190.8
Current Assets		
Cash and cash equivalents	**100.6**	99.4
Amounts due from subsidiary companies	**2,482.4**	2,831.7
Other receivables and prepayments	**0.5**	1.6
	2,583.5	2,932.7
Current Liabilities		
Amounts due to subsidiary companies	**208.2**	82.9
Other payables and accruals	**2.6**	3.3
	210.8	86.2
Net Current Assets	**2,372.7**	2,846.5
Total Assets Less Current Liabilities	**2,564.1**	3,037.3
Equity		
Issued share capital	**42.8**	43.4
Shares held for share award scheme	**(2.0)**	(2.4)
Accumulated losses	**(275.8)**	(106.7)
Other components of equity(i)	**1,571.5**	1,686.9
Equity attributable to owners of the parent	**1,336.5**	1,621.2
Non-current Liabilities		
Loans from subsidiary companies	**1,227.6**	1,414.3
Other payables	**–**	1.8
	1,227.6	1,416.1
	2,564.1	3,037.3

(i) The Company's other components of equity comprise share premium, employee share-based compensation reserve, fair value reserve of financial assets at FVOCI and contributed surplus (Note 31).

The Company's statement of changes in equity is as follows:

US$ millions	Issued share capital	Shares held for share award scheme	Share premium	Employee share-based compensation reserve	Fair value reserve of financial assets at FVOCI	Contributed surplus	Accumulated losses	Total
At 1 January 2020	43.4	(3.2)	63.1	4.0	–	1,699.0	(66.3)	1,740.0
Loss for the year	–	–	–	–	–	–	(41.3)	(41.3)
Other comprehensive loss for the year	–	–	–	–	(0.4)	–	–	(0.4)
Total comprehensive loss for the year	–	–	–	–	(0.4)	–	(41.3)	(41.7)
Purchase of shares under share award scheme	–	(1.0)	–	–	–	–	–	(1.0)
Shares vested under share award scheme	–	1.8	–	(1.7)	–	–	(0.1)	–
Lapse of share options	–	–	–	(1.0)	–	–	1.0	–
Employee share-based compensation benefits	–	–	–	2.3	–	–	–	2.3
2019 final distribution paid	–	–	–	–	–	(39.2)	–	(39.2)
2020 interim distribution paid	–	–	–	–	–	(39.2)	–	(39.2)
At 31 December 2020	43.4	(2.4)	63.1	3.6	(0.4)	1,620.6	(106.7)	1,621.2
At 1 January 2021	43.4	(2.4)	63.1	3.6	(0.4)	1,620.6	(106.7)	**1,621.2**
Loss for the year	–	–	–	–	–	–	(169.1)	**(169.1)**
Other comprehensive income for the year	–	–	–	–	0.2	–	–	**0.2**
Total comprehensive loss for the year	–	–	–	–	0.2	–	(169.1)	**(168.9)**
Purchase of shares under share award scheme	–	(1.3)	–	–	–	–	–	**(1.3)**
Shares vested under share award scheme	–	1.7	–	(1.7)	–	–	–	**–**
Repurchase and cancellation of shares	(0.6)	–	(23.2)	–	–	–	–	**(23.8)**
Employee share-based compensation benefits	–	–	–	1.0	–	–	–	**1.0**
2020 final distribution paid	–	–	–	–	–	(41.8)	–	**(41.8)**
2021 interim distribution paid	–	–	–	–	–	(49.9)	–	**(49.9)**
At 31 December 2021	**42.8**	**(2.0)**	**39.9**	**2.9**	**(0.2)**	**1,528.9**	**(275.8)**	**1,336.5**

42. Events after the Reporting Period

(A) On 7 January 2022, The Act granted Maynilad a 25-year Franchise. The Act affirmed Maynilad's authority to provide waterworks system and sewerage and sanitation services in the West Zone Service Area of Metro Manila and the Province of Cavite of the Philippines. The Act has been effective since 22 January 2022, being fifteen days after its publication in the Official Gazette of the Philippines on 7 January 2022 and highlights of the Act include:

(i) the grant of authority to the MWSS to amend the term of the revised concession agreement (ending in 2037) to coincide with term of the Franchise (ending in 2047). In the event the waterworks and sewerage system assets of MWSS pertaining to the Franchise area are privatized by law, Maynilad shall have the right to match the highest compliant bid after a public bidding;

(ii) establishment of tariffs and charges which Maynilad may charge, as the regulator may allow, after taking into account certain factors, the methodology provided under the revised concession agreement and requirements under applicable law and jurisprudence;

(iii) prohibition on the passing on of corporate income tax to customers;

(iv) the requirement to publicly list at least 30% of Maynilad's outstanding capital stock within five years from the grant of the Franchise; and

(v) the completion of Maynilad's water and sewerage projects to attain 100% coverage by 2037, which shall include periodic 5-year completion targets.

(B) On 16 February 2022, MPIC's Board approved the implementation of a share buyback program of up to Pesos 5.0 billion (US$98.0 million) commencing on 17 February 2022. The purpose for the share buyback program is to enhance and improve shareholder value and to manifest confidence in MPIC's value and prospects through the repurchase of its common shares.

Up to 30 March 2022, MPIC acquired a total of 391 million shares from the open market at a total consideration of Pesos 1.5 billion (US$28.7 million) and held under treasury shares. As a result, First Pacific's economic interest and voting interest in MPIC increased to 44.6% and 57.6%, from 44.0% and 57.0%, respectively.

43. 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 31 March 2022.

Glossary of Terms

Financial Terms

CONCESSION ASSETS Value of concessions of right granted by governments under service concession arrangements to charge users of public service provided

DEFINED BENEFIT SCHEME A retirement scheme in which the rules specify the benefits to be paid and the scheme is financed accordingly. Generally, benefits are determined using actuarial valuations that takes into account of the final salary and the number of years of service of each member

DEFINED CONTRIBUTION SCHEME A retirement scheme under which the benefits are directly determined by the value of contributions paid in respect of each member

DISCOUNTED CASH FLOW MODEL A cash flow model estimates the relevant future cash flows which are expected to be generated over the project period and discounted to the present value by using a discount rate

EBIT Earnings Before Interest and Tax

EBITDA Earnings Before Interest, Tax, Depreciation and Amortization

GAV Gross Asset Value, which represents the total market value of listed investments, carrying amounts or fair value of unlisted investments and other assets of First Pacific Head Office

IMPAIRMENT PROVISION Provision made to reduce the carrying amount of an asset to its recoverable amount

NAV Net Asset Value, which represents GAV less net debt of First Pacific Head Office

NET ASSETS Total assets less total liabilities, equivalent to total equity

NET CURRENT ASSETS Current assets less current liabilities

NET DEBT Total of short-term and long-term borrowings, net of cash and cash equivalents and short-term deposits, and restricted cash

NON-RECURRING ITEMS Certain items, through occurrence or size, are not considered usual operating items

RECURRING PROFIT Profit attributable to owners of the parent excluding foreign exchange and derivative gains/losses, gain/loss on changes in fair value of biological assets and non-recurring items

TOTAL EQUITY Equity attributable to owners of the parent and non-controlling interests

Financial Ratios

ADJUSTED NAV PER SHARE NAV divided by the number of shares in issue

BASIC EARNINGS PER SHARE Profit attributable to owners of the parent divided by the weighted average number of shares in issue during the year

CASH INTEREST COVER Dividend and fee income less overhead expense divided by net cash interest expense

CURRENT RATIO Current assets divided by current liabilities

DILUTED EARNINGS PER SHARE Profit attributable to owners of the parent adjusted for the effect of assumed conversion of all dilutive potential ordinary shares of the Company and investee companies divided by the Company's weighted average number of shares in issue during the year plus the weighted average number of ordinary shares which would be issued on the assumed conversion of all dilutive potential ordinary shares

DISTRIBUTION/DIVIDEND COVER Recurring profit divided by ordinary share distributions/dividends paid and recommended

DISTRIBUTION/DIVIDEND PAYOUT RATIO Ordinary share distributions/dividends paid and recommended divided by recurring profit

DISTRIBUTION/DIVIDEND YIELD Distributions/dividends per share divided by closing share price on the last trading day of the reporting period

EBIT MARGIN EBIT divided by turnover

EBITDA MARGIN EBITDA divided by turnover

GEARING RATIO Net debt divided by total equity

GROSS MARGIN Gross profit divided by turnover

INTEREST COVER Profit before taxation (excluding foreign exchange and derivative gains/losses, gain/loss on changes in fair value of biological assets and non-recurring items) and net finance costs divided by net finance costs

NET CASH FLOWS FROM OPERATING ACTIVITIES PER ORDINARY SHARE Net cash flows from operating activities divided by the weighted average number of shares in issue during the year

RECURRING RETURN ON AVERAGE EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT Recurring profit divided by average equity attributable to owners of the parent

RECURRING RETURN ON AVERAGE NET ASSETS Recurring profit divided by average net assets

SHARE PRICE DISCOUNT TO ADJUSTED NAV PER SHARE Shortfall between share price and adjusted NAV per share divided by adjusted NAV per share

TANGIBLE ASSETS PER ORDINARY SHARE Total assets (excluding goodwill and other intangible assets) divided by the number of shares in issue

TOTAL ASSETS PER ORDINARY SHARE Total assets divided by the number of ordinary shares in issue

Other

ADR American Depositary Receipts

AGM Annual General Meeting

CPO Crude Palm Oil

FFB Fresh Fruit Bunches

GAAP Generally Accepted Accounting Principles

HKAS Hong Kong Accounting Standard

HKFRS Hong Kong Financial Reporting Standard

HKICPA Hong Kong Institute of Certified Public Accountants

HK(IFRIC)-Int Hong Kong (International Financial Reporting Interpretations Committee) – Interpretation

IDX Indonesia Stock Exchange

ISO International Organization for Standardization

LISTING RULES The Rules Governing the Listing of Securities on SEHK

LTE Long Term Evolution high speed wireless phone technology

N/A Not Applicable

NYSE The New York Stock Exchange

PSE The Philippine Stock Exchange, Inc.

RSS1 Rubber Smoke Sheet 1

SEHK The Stock Exchange of Hong Kong Limited

SGM Special General Meeting

SGX Singapore Exchange Securities Trading Limited

UHT Ultra High Temperature processing

3G The third generation of wireless network technology

4G The fourth generation of wireless network technology

5G The fifth generation of wireless network technology

Information for Investors

As at 30 March 2022

Financial Diary

Preliminary announcement of 2021 results	31 March 2022
Annual report posted to shareholders	29 April 2022
2022 Annual General Meeting	16 June 2022
Last day to register for final distribution	22 June 2022
Payment of final distribution	8 July 2022
Preliminary announcement of 2022 interim results	26 August 2022*
Interim report posted to shareholders	28 September 2022*
Financial year-end	31 December 2022
Preliminary announcement of 2022 results	28 March 2023*

* Subject to confirmation

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Website

www.firstpacific.com

Share Information

First Pacific shares are listed on The Stock Exchange of Hong Kong Limited and are traded over the counter in the United States in the form of American Depositary Receipts

Listing date	12 September 1988
Par value	U.S.1 cent per share
Lot size	2,000 shares
Number of ordinary shares issued	4,269,337,044

Stock Codes

SEHK	00142
Bloomberg	142 HK
Thomson Reuters	0142.HK

American Depositary Receipts (ADRs) Information

Level: 1
ADRs Code: FPAFY
CUSIP reference number: 335889200
ADRs to ordinary shares ratio: 1:5
ADRs depositary bank: Deutsche Bank Trust Company Americas

To Consolidate Shareholdings

Write to our principal share registrar and transfer office in Bermuda at:

Conyers Corporate Services (Bermuda) Limited
Clarendon House, 2 Church Street
Hamilton HM11, Bermuda

Or the Hong Kong branch registrar at:

Computershare Hong Kong Investor Services Limited

Registrar Office

17M Floor, Hopewell Centre
183 Queen's Road East, Wanchai, Hong Kong SAR
Telephone : +852 2862 8555
Fax : +852 2865 0990/+852 2529 6087
Enquiry : www.computershare.com/hk/contact

Transfer Office

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183 Queen's Road East, Wanchai, Hong Kong SAR

A Chinese Version of this Report, or Additional Information

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Auditor

Ernst & Young
Certified Public Accountants
Registered Public Interest Entity Auditor
27th Floor, One Taikoo Place
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Solicitor

Gibson, Dunn & Crutcher
32nd Floor, Gloucester Tower, The Landmark
15 Queen's Road Central, Hong Kong SAR

Principal Bankers

Bank of China (Hong Kong) Limited
China Banking Corporation
Mizuho Bank, Ltd.
Sumitomo Mitsui Banking Corporation
The Hongkong & Shanghai Banking Corporation Limited

Summary of Principal Investments

As at 31 December 2021

PT Indofood Sukses Makmur Tbk

Indofood (IDX: INDF) is a leading Total Food Solutions company with operations in all stages of food manufacturing from the production of raw materials and their processing through to the manufacture of consumer food and beverage products and their distribution to the market. It is based and listed in Indonesia while its Consumer Branded Products subsidiary PT Indofood CBP Sukses Makmur Tbk and Agribusiness subsidiaries PT Salim Ivomas Pratama Tbk and PT Perusahaan Perkebunan London Sumatra Indonesia Tbk are also listed in Indonesia. Another subsidiary, Indofood Agri Resources Ltd., is listed in Singapore, and an Agribusiness associate, Roxas Holdings, Inc., is listed in the Philippines. Through its four complementary Strategic Business groups, Indofood manufactures and distributes a wide range of food and beverage products from its business groups: Consumer Branded Products (noodles, dairy, snack foods, food seasonings, nutrition & special foods, and beverages), Bogasari (wheat flour and pasta), Agribusiness (seed breeding, oil palm cultivation and milling, branded cooking oils, margarine and shortening, and the cultivation and processing of rubber, sugar cane and other crops) and Distribution.

Indofood is one of the world's largest manufacturers by volume of wheat-based instant noodles, one of the largest plantation companies by area and the largest flour miller in Indonesia. Indofood also has an extensive distribution network across Indonesia.

Sector	:	Consumer Food Products
Place of incorporation/business area	:	Indonesia
Issued number of shares	:	8.8 billion
Particulars of issued shares held	:	Shares of Rupiah 100 par value
Economic and voting interests	:	50.1%

Further information on Indofood can be found at www.indofood.com.

PLDT Inc.

PLDT (PSE: TEL; NYSE: PHI) is the largest fully integrated telecommunications company in the Philippines. Its shares are listed on the Philippine Stock Exchange and its American Depositary Shares are listed on the New York Stock Exchange. Through its principal business groups – fixed line and wireless – PLDT offers a wide range of telecommunications and digital services across the Philippines' most extensive fiber optic backbone, and fixed line and mobile networks.

Sector	:	Telecommunications
Place of incorporation/business area	:	The Philippines
Outstanding number of shares	:	216.1 million
Particulars of outstanding shares held	:	Common shares of Pesos 5 par value
Economic/voting interest	:	25.6%/15.1%

Further information on PLDT can be found at www.pldt.com.

Metro Pacific Investments Corporation

MPIC (PSE: MPI; ADR code: MPCIY) is a leading infrastructure investment management and holding company. Its shares are listed on the Philippine Stock Exchange and are available for trading in the United States through American Depositary Receipts.

Sector	:	Infrastructure, Utilities and Hospitals
Place of incorporation/business area	:	The Philippines
Outstanding number of shares	:	30.1 billion
Particulars of outstanding shares held	:	Common shares of Peso 1 par value
Economic/voting interest	:	44.0%/57.0%

Further information on MPIC can be found at www.mpic.com.ph.

Philex Mining Corporation

Philex (PSE: PX) is a Philippine-listed company engaged in the exploration and mining of mineral resources, and holds a 30.4% interest in PXP Energy Corporation.

Sector	:	Natural Resources
Place of incorporation/business area	:	The Philippines
Issued number of shares	:	4.9 billion
Particulars of issued shares held	:	Common shares of Peso 1 par value
Economic and voting interests	:	31.2%[1]

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

Further information on Philex can be found at www.philexmining.com.ph.

Summary of Principal Investments

PXP Energy Corporation

PXP (PSE: PXP) is a Philippine-listed company engaged in energy and hydrocarbon exploration and production.

Sector	:	Natural Resources
Place of incorporation/business area	:	The Philippines
Issued number of shares	:	2.0 billion
Particulars of issued shares held	:	Common shares of peso 1 par value
Economic and voting interests	:	35.7%(2)(3)/21.7%(3)

(2) Includes a 14.0% effective economic interest in PXP held by First Pacific through its indirect interests in Philex.
(3) Two Rivers Pacific Holdings Corporation, a Philippine affiliate of First Pacific, holds an additional 6.7% economic and voting interests in PXP.

Further information on PXP can be found at www.pxpenergy.com.ph.

FPM Power Holdings Limited

FPM Power controls PLP.

Sector	:	Infrastructure/Utilities
Place of incorporation/business area	:	British Virgin Islands/Singapore
Issued number of shares	:	12,195
Particulars of issued shares held	:	Shares of US$1 par value
Economic/voting interest	:	68.0%(4)/60.0%

(4) Includes a 8.0% effective economic interest in FPM Power held by First Pacific through its indirect interest in Meralco.

PacificLight Power Pte. Ltd.

PLP operates one of Singapore's most efficient power plants, housing an 800-megawatt natural gas-fired combined cycle facility. The development of renewable energy projects will further enhance PLP's ability to deliver reliable and sustainable electricity. Its wholly-owned subsidiary PacificLight Energy Pte. Ltd. offers customized price packages for retail electricity customers in Singapore.

Sector	:	Infrastructure/Utilities
Place of incorporation/business area	:	Singapore
Issued number of shares	:	872.3 million
Particulars of issued shares held	:	Ordinary shares with no par value
Economic/voting interest	:	53.6%(5)/70.0%

(5) Represents a 42.0% effective economic interest in PLP held by First Pacific through its interest in FPM Power and a 11.6% effective economic interest in PLP held by First Pacific through its indirect interests in Meralco.

Further information on PLP can be found at www.pacificlight.com.sg.

FP Natural Resources Limited

FP Natural Resources together with its Philippine affiliate, First Agri Holdings Corporation, hold interests in RHI.

Sector	:	Consumer Food Products
Place of incorporation/business area	:	British Virgin Islands/The Philippines
Issued number of shares	:	15,100
Particulars of issued shares held	:	Shares of US$1 par value
Economic/voting interest	:	80.8%(6)/100.0%(7)

(6) Includes a 10.8% effective economic interest in FP Natural Resources held by First Pacific through its indirect interests in IndoAgri.
(7) Includes a 30.0% voting interest in FP Natural Resources held by First Pacific through its indirect interests in IndoAgri.

Roxas Holdings, Inc.

RHI (PSE: ROX) is a Philippine-listed sugar and ethanol producer.

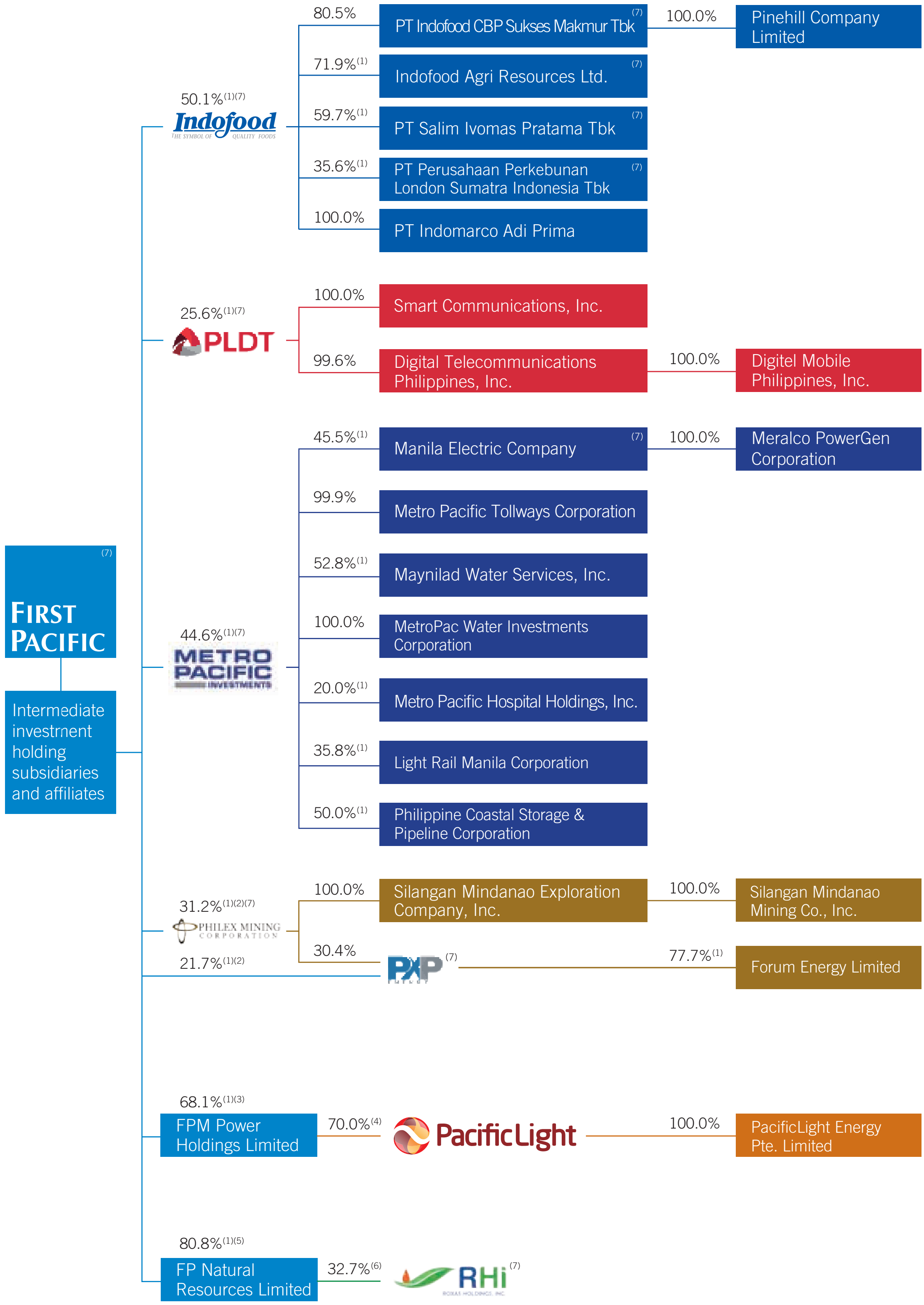
Sector	:	Consumer Food Products
Place of incorporation/business area	:	The Philippines
Outstanding number of shares	:	1.5 billion
Particulars of outstanding shares held	:	Common shares of Peso 1 par value
Economic/voting interest	:	26.4%(8)(9)/32.7%(9)

(8) Represents a 22.9% effective economic interest in RHI held by First Pacific through its interest in FP Natural Resources and a 3.5% effective economic interest in RHI held by First Pacific through its indirect interests in IndoAgri.
(9) FAHC, a Philippine affiliate of FP Natural Resources, holds an additional 30.2% economic and voting interests in RHI.

Further information on RHI can be found at www.roxasholdings.com.ph.

Corporate Structure

As at 30 March 2022



(1) Economic interest.
(2) Two Rivers, a Philippine affiliate of First Pacific, holds additional 15.0% and 6.7% economic interests in Philex and PXP, respectively.
(3) Includes a 8.1% effective economic interest in FPM Power held through First Pacific's indirect interests in Meralco.
(4) Meralco through its wholly-owned subsidiary MGen holds the remaining 30.0% interest in PLP.
(5) Includes a 10.8% effective economic interest in FP Natural Resources held through First Pacific's indirect interests in IndoAgri.
(6) FAHC, a Philippine affiliate of FP Natural Resources, holds an additional 30.2% economic interest in RHI.
(7) Listed company.

FIRST PACIFIC

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Concept and design: GenNex Financial Media Limited

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