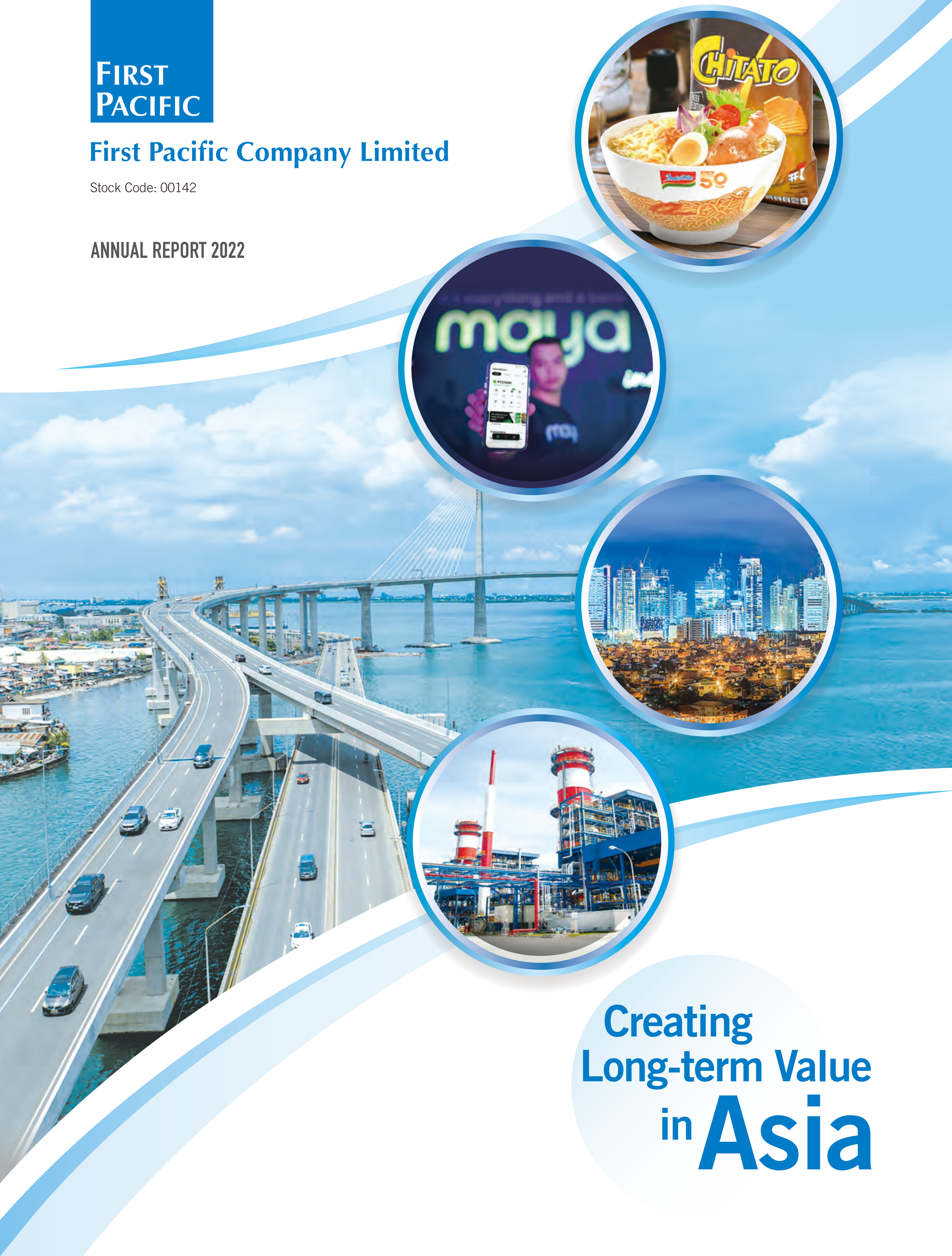
First Pacific

First Pacific Company Limited

Stock Code: 00142

ANNUAL REPORT 2022



Creating Long-term Value in Asia

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
- Help 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 portfolio is centered on 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 producer of the global instant noodle brand *Indomie* while PLDT is the dominant integrated telecommunications and digital services provider in the Philippines with the largest fixed broadband network and the largest and most modern wireless network in the country. MPIC is a leading infrastructure investment and management company in the Philippines, with holdings in the country's largest electricity distributor, toll road operator, water distributor, and healthcare group. MPIC also holds investment in the storage of petroleum products, real estate, and light rail.

First Pacific also holds investments in PacificLight Power Pte. Ltd. ("PLP"), Philex Mining Corporation ("Philex"), PXP Energy Corporation ("PXP"), and Roxas Holdings, Inc. ("RHI"). PLP is the operator of one of Singapore's most efficient gas-fired power plants. Philex is one of the largest metal mining companies in the Philippines, producing gold, copper and silver. PXP is an upstream oil and gas company with a number of service contracts in the Philippines, and RHI produces sugar and bioethanol 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 2023, First Pacific's economic interest in Indofood is 50.1%, in PLDT 25.6%, in MPIC 46.1%, in FPM Power Holdings Limited ("FPM Power") 68.7%[(1)], in Philex 31.2%[(2)], in PXP 35.7%[(2)(3)], and in FP Natural Resources Limited ("FP Natural Resources") 80.9%[(4)].

(1) Includes a 8.7% effective economic interest in FPM Power held through First Pacific's indirect interests in Manila Electric Company ("Meralco").
(2) 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.
(3) Includes a 14.0% effective economic interest in PXP held through First Pacific's indirect interests in Philex.
(4) Includes a 10.9% effective economic interest in FP Natural Resources held through First Pacific's indirect interests in Indofood Agri Resources Ltd. ("IndoAgri"). FP Natural Resources holds 32.7% in RHI, and its Philippine affiliate First Agri Holdings Corporation ("FAHC") holds an additional 30.2% economic interest in RHI.

Ten-year Statistical Summary

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Results (US$ millions)										
Turnover	**10,304.9**	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
Profit for the year	**1,049.6**	895.7	667.6	121.1	608.7	561.3	517.8	418.9	503.2	620.9
Profit/(loss) attributable to owners of the parent	**391.6**	333.3	201.6	(253.9)	131.8	120.9	103.2	80.6	75.7	235.3
Contribution from operations	**593.3**	506.4	409.7	395.6	393.9	420.5	400.2	426.5	455.7	467.2
Recurring profit	**508.8**	426.5	321.2	290.0	289.5	300.0	264.9	287.5	316.9	327.1
Ordinary share distributions/dividends	**119.4**	104.2	81.0	75.2	74.8	74.7	74.5	74.2	115.7	116.1
Per Ordinary Share Data (U.S. cents)										
Basic earnings/(loss)	**9.20**	7.72	4.65	(5.85)	3.04	2.80	2.42	1.89	1.76	5.66
Basic recurring earnings	**11.96**	9.88	7.40	6.68	6.68	6.96	6.21	6.74	7.39	7.87
Distributions/dividends	**2.82**	2.43	1.86	1.73	1.73	1.73	1.73	1.73	2.70	2.70
Equity attributable to owners of the parent	**77.72**	77.09	72.27	67.41	71.02	74.32	72.68	71.93	78.08	81.44
Total assets	**600.98**	620.85	620.12	503.64	481.38	471.08	402.07	402.93	378.67	360.68
Tangible assets	**366.95**	379.22	383.21	372.50	359.45	361.58	300.82	305.12	295.40	281.00
Net cash flows from operating activities	**33.42**	28.82	23.86	33.51	16.91	17.96	17.11	15.21	19.48	17.41
Financial Ratios										
Gross margin (%)	**29.66**	31.07	32.37	30.11	28.02	29.34	29.57	27.86	27.59	29.31
Recurring return on average net assets (%)	**11.90**	10.62	8.99	10.47	9.00	9.47	9.23	9.24	10.13	10.18
Recurring return on average equity attributable to owners of the parent (%)	**15.43**	13.25	10.59	9.65	9.17	9.47	8.57	8.96	9.24	9.69
Distribution/dividend payout ratio (%)	**23.46**	24.53	25.21	25.93	25.84	25.03	28.12	25.81	36.51	35.49
Distribution/dividend cover (times)	**4.26**	4.09	3.97	3.86	3.87	4.02	3.56	3.87	2.74	2.82
Distribution/dividend yield (%)	**9.44**	6.62	5.87	5.09	4.45	2.53	2.50	2.64	2.74	2.38
Interest cover (times)	**4.98**	4.33	3.99	4.24	4.06	4.31	4.18	3.87	4.29	4.77
Current ratio (times)	**1.26**	1.26	1.24	1.12	1.03	1.32	1.24	1.39	1.69	1.72
Gearing ratio (times)										
– Consolidated	**0.82**	0.74	0.77	0.68	0.78	0.66	0.54	0.64	0.47	0.43
– Company	**1.20**	0.99	0.81	0.76	0.76	0.83	0.75	0.79	0.56	0.51

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Consolidated Statement of Financial Position Data (US$ millions)										
Total assets	**25,491.8**	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
Net debt	**8,493.2**	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
Total liabilities	**15,126.0**	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
Net current assets	**1,075.9**	1,182.4	1,147.7	525.3	120.2	1,041.0	646.9	1,186.2	1,944.6	1,672.3
Total assets less current liabilities	**21,383.2**	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
Equity attributable to owners of the parent	**3,296.5**	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
Total equity	**10,365.8**	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
Consolidated Statement of Cash Flows Data (US$ millions)										
Net cash flows from operating activities	**1,424.0**	1,245.9	1,036.6	1,455.5	734.1	776.1	731.4	650.0	835.8	723.9
Capital expenditure	**1,093.2**	1,104.3	1,065.6	1,376.5	1,236.0	1,063.0	696.7	830.8	636.4	899.7
Other Information (at 31 December)										
Head Office net debt (US$ millions)	**1,362.4**	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
Number of shares in issue (millions)	**4,241.7**	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
Weighted average number of shares in issue during the year (millions)	**4,261.3**	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
Share price (HK$)	**2.33**	2.87	2.47	2.65	3.02	5.30	5.42	5.14	7.69	8.82
Adjusted NAV per share (HK$)	**5.79**	7.34	7.23	6.30	7.26	10.26	10.45	9.67	13.24	12.57
Share price discount to adjusted NAV per share (%)	**59.8**	60.9	65.8	57.9	58.4	48.3	48.1	46.8	41.9	29.8
Market capitalization (US$ millions)	**1,267.1**	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
Number of shareholders	**4,434**	4,452	4,478	4,494	4,500	4,530	4,760	4,796	4,853	4,884
Number of employees	**101,203**	100,120	103,127	101,836	110,394	102,530	94,189	96,446	98,107	91,874

See pages 226 to 228 for a glossary of terms

Note: In December 2020 the Group classified Global Business Power Corporation ("GBPC") as held for sale 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 had consolidated GBPC since June 2017.

Financial Highlights

US$**10.3**b
Turnover ↑ 13%

US$**508.8**m
Recurring profit ↑ 19%

US$**391.6**m
Reported profit ↑ 17%

US$**3.3**b
Equity attributable to owners of the parent ↓ 0.1%

US$**25.5**b
Total assets ↓ 4%

US$**1.3**b
Market capitalization ↓ 20%

Profit contribution from operations at ↑ 17% to

US$**593.3**m

By country

45%
Indonesia
↑ 12% to US$265.8m

41%
Philippines
↓ 1% to US$245.1m

14%
Singapore
↑ 278% to US$82.4m

By sector

44%
Consumer food products
↑ 14% to US$259.4m

23%
Telecommunications
↓ 4% to US$133.7m

31%
Infrastructure
↑ 56% to US$186.8m

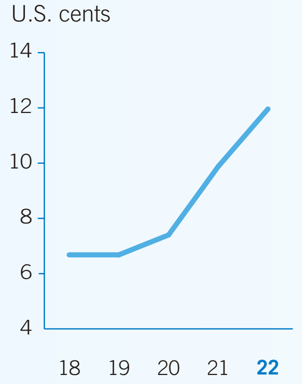
2%
Natural resources
↓ 31% to US$13.4m

- Distribution payout at US$119.4 million or 24% of recurring profit
- Bought back and cancelled 39.7 million shares at US$14.5 million
- Head Office dividend and fee income from operating companies at US$225.9 million
- Cash interest cover at approximately 4.0 times
- Head Office net interest expense at US$54.8 million
- Head Office net debt at approximately US$1.4 billion

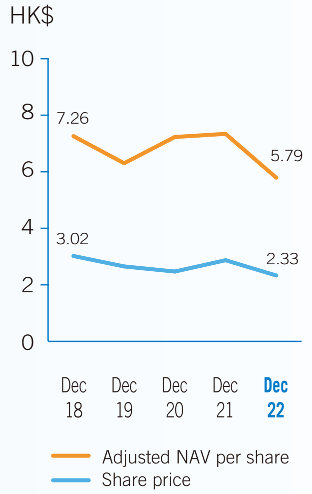
Five-year Data

(Per share)

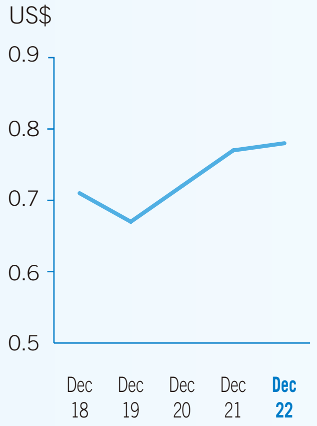
Basic Recurring Earnings



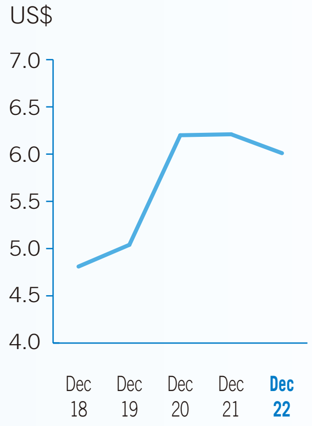
Share Price vs Adjusted NAV



Equity Attributable to Owners of the Parent



Total Assets



Review of Operations

Below is an analysis of results by individual company.

Contribution and Profit Summary

For the year ended 31 December US$ millions	Turnover 2022	 2021	Contribution to Group profit(i) 2022	 2021
Indofood	**7,429.8**	6,925.9	**265.8**	237.0
PLDT(ii)	**–**	–	**133.7**	139.1
MPIC	**934.1**	882.5	**104.4**	98.1
FPM Power	**1,747.6**	1,194.5	**82.4**	21.8
Philex(ii)	**–**	–	**13.4**	19.3
FP Natural Resources	**193.4**	100.3	**(6.4)**	(8.9)
Contribution from Operations(iii)	**10,304.9**	9,103.2	**593.3**	506.4
Head Office items:				
– Corporate overhead			**(22.2)**	(20.8)
– Net interest expense			**(54.8)**	(51.3)
– Other expenses			**(7.5)**	(7.8)
Recurring Profit(iv)			**508.8**	426.5
Foreign exchange and derivative losses, net(v)			**(97.5)**	(24.2)
Non-recurring items(vi)			**(19.7)**	(69.0)(vii)
Profit Attributable to Owners of the Parent			**391.6**	333.3

(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 operating companies.

(iv) Recurring profit represents the profit attributable to owners of the parent excluding the effects of foreign exchange and derivative losses, and non-recurring items.

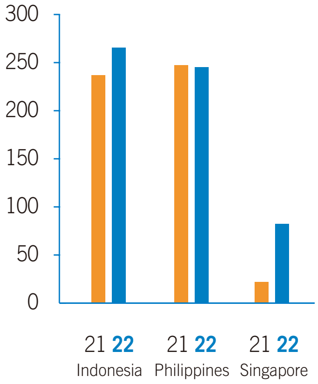
(v) Foreign exchange and derivative losses, net represent the net losses on foreign exchange translation differences on the Group's unhedged foreign currency denominated net liabilities/assets and the changes in the fair value of derivatives.

(vi) Non-recurring items represent certain items, through occurrence or size, which are not considered as usual operating items. 2022's non-recurring losses of US$19.7 million mainly represent PLDT's accelerated depreciation for network assets (US$180.3 million) and manpower reduction costs (US$17.7 million), the Group's impairment provisions for investments (US$51.6 million), partly offset by the reversal of impairment provisions for the Group's investments in PLP (US$92.0 million), PLDT's gains on tower sales (US$88.2 million) and prescription of redemption liability on preference shares (US$27.6 million), and MPIC's gains on step acquisition of Landco Pacific Corporation ("Landco") (US$29.4 million). 2021's non-recurring losses of US$69.0 million mainly represented 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).

(vii) Re-presented to include gain on changes in fair value of biological assets (US$1.8 million) as non-recurring items to align with current year presentation.

Contribution by Country

US$ millions



In 2022, First Pacific recorded its highest-ever turnover, contribution from operations and recurring profit owing to record-setting performances at Indofood and PLP. With most of the investee companies showing improved results, total contribution from operations rose 17% to US$593.3 million notwithstanding exchange-rate and commodity price volatility as the global economy recovered from the COVID-19 pandemic.

Turnover up 13% to US$10.3 billion from US$9.1 billion	■ reflecting higher revenues at Indofood resulting from higher average selling prices of all major products and higher sales in nearly all businesses ■ higher revenues at PLP driven by higher electricity prices and demand
Recurring profit up 19% to US$508.8 million from US$426.5 million	■ reflecting higher profit contributions from Indofood, MPIC and PLP ■ partly offset by lower contributions from PLDT and Philex due to the depreciation of the peso average exchange rate against the U.S., and higher Head Office net interest expenses and corporate overhead
Non-recurring losses down 71% to US$19.7 million from US$69.0 million (re-presented)	■ reflecting the reversal of impairment provisions for the Group's investments in PLP ■ PLDT's gains on towers sale and on prescription of redemption liability on preferred shares ■ MPIC's gains on step acquisition of Landco ■ partly offset by PLDT's accelerated depreciation for network assets and manpower rightsizing cost and MPIC's impairment provisions made for its investments in storage of petroleum products and light rail businesses
Reported profit up 17% to US$391.6 million from US$333.3 million	■ reflecting higher recurring profit ■ lower non-recurring losses ■ partly offset by higher net foreign exchange and derivative losses associated with the depreciation of the rupiah and the peso

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	**2022**	2021	One year change
Rupiah	**15,731**	14,269	-9.3%
Peso	**55.76**	51.00	-8.5%
S$	**1.340**	1.349	+0.7%

Average exchange rates against the U.S. dollar For the year ended 31 December	**2022**	2021	One year change
Rupiah	**14,917**	14,344	-3.8%
Peso	**54.47**	49.36	-9.4%
S$	**1.378**	1.344	-2.5%

During 2022, the Group recorded net foreign exchange and derivative losses of US$97.5 million (2021: US$24.2 million), which can be further analyzed as follows:

US$ millions	**2022**	2021
Head Office	**(8.8)**	(9.2)
Indofood	**(79.9)**	(4.6)
PLDT	**(7.5)**	(8.8)
MPIC	**(1.9)**	(1.0)
FPM Power	**0.1**	(0.3)
Philex	**0.5**	(0.3)
Total	**(97.5)**	(24.2)

Additional Investments

On 22 April 2022, First Pacific invested US$20.0 million in Voyager Innovations Holdings Pte. Ltd. ("Voyager"), an associated company of PLDT. It was First Pacific's first direct investment in the digital ecosystem. The proceeds raised by Voyager were employed for its business expansion, in particular its digital banking business.

On 3 August 2022, Philex completed its stock rights offering and raised 2.65 billion pesos (US$47.6 million) for the development of the Silangan Project. First Pacific subscribed to Philex rights shares in proportion to its existing interest of 31.2% for an aggregated consideration of 0.8 billion pesos (US$14.8 million). Two Rivers, a Philippine affiliate of First Pacific, also subscribed to Philex's rights shares in proportion to its existing interest of 15.0% for a consideration of 0.4 billion pesos (US$7.1 million).

Capital Management

Distributions

First Pacific's Board of Directors declared a final distribution of HK 11.5 cents (U.S. 1.47 cents) (2021: HK 10.0 cents (U.S. 1.28 cents)) per share which brings the total distribution for 2022 to HK 22.0 cents (U.S. 2.82 cents) per share, up 16% from HK 19.0 cents (U.S. 2.43 cents) in 2021.

The full-year distribution of US$119.4 million represents a payout ratio of approximately 24% of 2022 recurring profit. In addition, share repurchases in 2022 amounted to US$14.5 million bringing the total distribution to US$133.9 million, or approximately 27% of 2022 recurring profit. Total return to shareholders will remain a combination of distributions and share repurchases taking into consideration dividend income from the investee companies, economic conditions in the Group's markets, the Group's operating and financial performance, investment opportunities, and Head Office finances.

Share Repurchases

In 2022, First Pacific repurchased approximately 39.7 million shares from the open market at an average price of HK$2.85 (US$0.37) per share with a total cost of approximately HK$113.1 million (US$14.5 million). All repurchased shares were subsequently cancelled.

Credit Ratings

On 19 April 2022, First Pacific received investment-grade credit ratings from two leading global rating agencies. They are the Company's first-ever credit ratings. Standard & Poor's Global Ratings awarded First Pacific a BBB- issuer rating with Stable outlook while Moody's Investors Service gave First Pacific a rating of Baa3 with Stable outlook.

Debt Profile

As at 31 December 2022, Head Office gross debt stood at approximately US$1.5 billion with an average maturity of 2.8 years. Net debt was at approximately US$1.4 billion. Approximately 64% of the Head Office borrowings were at fixed rates while floating rate bank loans comprised the remainder. The blended average interest rate was approximately 4.8% per annum. All Head Office borrowings are unsecured.

As at 30 March 2023, 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

As part of the Company's proactive liability management, First Pacific has obtained committed banking facilities in excess of the US$357.8 million outstanding bond due for redemption in April 2023.

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

Operating Cashflow and Interest Cover

For 2022, Head Office operating cash inflow before interest expense and tax increased 12% to US$207.3 million from US$185.8 million in 2021, principally due to a special dividend received from PLDT, which was partly offset by the depreciation of the rupiah and peso average exchange rates against the U.S. dollar.

Net cash interest expense increased 5% to US$51.7 million from US$49.3 million, reflecting a higher average interest rate resulting from global financial market trends. For the 12 months ended 31 December 2022, the cash interest cover was 4.0 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

Continuing strong growth in the Group's key Southeast Asia markets and in Indofood's global food products business is expected to buttress continuing earnings increases at nearly all investee companies in 2023.

Indofood
THE SYMBOL OF QUALITY FOODS

PROFIT CONTRIBUTION

US$**265.8** million

Indofood's wide variety of well-priced consumer food product offerings coupled with its extensive and highly responsive distribution system were key to its strong performance in 2022. Double-digit sales growth was recorded in the Consumer Branded Products ("CBP"), Bogasari and Distribution groups, while the Agribusiness group's sales performance was impacted by lower sales volume of edible oils and fats products.

Indofood's contribution to the Group increased 12% to US$265.8 million (2021: US$237.0 million) principally reflecting a record high core profit, partly offset by a 3.8% depreciation of the rupiah average exchange rate against the U.S. dollar.

Core profit up 12% to 9.1 trillion rupiah (US$607.3 million) from 8.1 trillion rupiah (US$562.5 million)	■ reflecting higher operating profits of CBP, Bogasari, Agribusiness and Distribution groups
Net income down 17% to 6.4 trillion rupiah (US$426.3 million) from 7.7 trillion rupiah (US$534.2 million)	■ reflecting higher net foreign exchange loss due to the 9.3% depreciation of the rupiah closing exchange rate against the U.S. dollar ■ partly offset by higher core profit
Consolidated net sales up 12% to 110.8 trillion rupiah (US$7.4 billion) from 99.3 trillion rupiah (US$6.9 billion)	■ driven by strong sales growth to record highs at each of the CBP, Bogasari, and Distribution groups ■ partly offset by lower sales of the Agribusiness group
Gross profit margin to 30.7% from 32.7%	■ reflecting higher raw material costs, especially for wheat flour and cooking oil ■ partly offset by higher average selling prices of most products at the CBP, Bogasari, and Agribusiness groups
Consolidated operating expenses down 8% to 14.3 trillion rupiah (US$957.2 million) from 15.6 trillion rupiah (US$1.1 billion)	■ reflecting a foreign exchange gain from operating activities, while it was a foreign exchange loss in 2021 ■ lower general and administrative expenses ■ partly offset by higher selling expenses driven by higher sales
EBIT margin to 17.8% from 17.0%	■ reflecting lower operating expenses to sales ratio despite lower gross profit margin

Debt Profile

As at 31 December 2022, Indofood's gross debt increased 7% to 66.1 trillion rupiah (US$4.2 billion) from 61.8 trillion rupiah (US$4.3 billion) as at 31 December 2021 mostly from the impact of foreign exchange movements. Of this total, 26% matures in the next 12 months and the remainder matures between 2024 and 2052, while 26% was denominated in rupiah and the remaining 74% was denominated in foreign currencies.

As at the end of December 2022, PT Indofood CBP Sukses Makmur Tbk ("ICBP") maintained its Baa3 and BBB- ratings from Moody's and Fitch, respectively.

Additional Investments

In April 2022, ICBP paid the retention amount of US$650 million to Pinehill Corpora Limited and Steele Lake Limited when the audited consolidated net profits of Pinehill Company Limited ("Pinehill") for 2020 and 2021 met the guaranteed minimum level.

In 2022, Indofood acquired a total of approximately 4.6 million shares of Indofood Agri Resources Ltd. ("IndoAgri") from the open market for a total consideration of approximately S$1.4 million (US$1.0 million), increasing Indofood's effective interest in IndoAgri to approximately 72.3%.

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 60 plants located in key regions across Indonesia. The CBP group also owns more than 20 manufacturing facilities in Malaysia, Africa, the Middle East and Southeastern Europe serving overseas markets. In addition, the CBP group also exports many of its products from Indonesia, making them available in more than 100 countries globally.

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, and Türkiye, serving a population of more than 1.2 billion consumers in its major markets at home and abroad. Its annual production capacity is around 35 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, sterilized canned milk, sweetened condensed creamer, evaporated milk, pasteurized liquid milk, multi-cereal milk, milk flavored drinks, powdered milk, ice cream, and butter.

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

The Food Seasonings division has an annual production capacity of around 180,000 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.

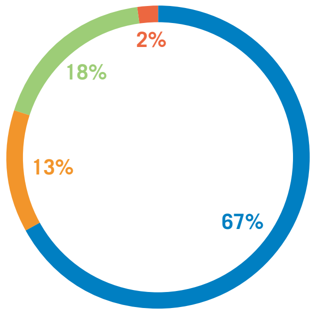
Indofood's Nutrition & Special Foods division is one of the leading players in Indonesia's baby food industry. This division has an annual production capacity of around 25,000 tonnes, producing baby cereals, baby snacks such as rice puffs, crunchies, biscuits and puddings, noodle and pasta for infants and toddlers, cereal-based 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, packaged water, and fruit-flavored drinks which are produced in 17 factories across Indonesia with a combined annual production capacity of approximately three billion liters.

In 2022, CBP group sales rose 15% to 65.3 trillion rupiah (US$4.4 billion), driven by higher sales volumes and average selling prices in both domestic and overseas markets. The EBIT margin declined to 19.0% from 20.3% mainly due to higher input costs.

In 2023, CBP group will continue to grow its domestic and overseas businesses organically, optimize the balance between volume growth and profitability, strengthen its market position across product segments, and maintain a healthy balance sheet position and investment grade ratings. Its strategy will be to drive consumption through product innovation and value creation while continuing with targeted marketing activities to stay relevant to consumers. Product availability and visibility will be increased by expanding coverage in existing and white space areas. The CBP group will also continue with productivity and efficiency initiatives, as well as improve raw material sourcing to drive competitiveness.

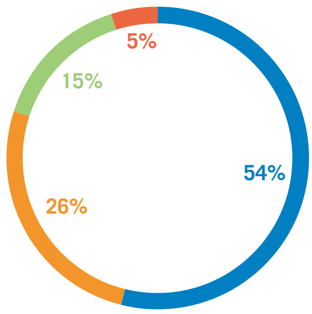
Operating Profit 2022*



	US$ millions
Consumer Branded Products	831.8
Bogasari	166.1
Agribusiness	224.1
Distribution	27.1
Total	**1,249.1**

* Before inter-segment elimination and unallocated expenses

Turnover 2022*



	US$ millions
Consumer Branded Products	4,374.7
Bogasari	2,137.1
Agribusiness	1,186.6
Distribution	417.7
Total	**8,116.1**

* Before inter-segment elimination

Bogasari

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

Its sales rose 23% to 31.9 trillion rupiah (US$2.1 billion), reflecting higher average selling prices despite a slight decline in sales volume. As a result, EBIT margin improved to 7.8% from 7.3%.

The prospects for the wheat flour business remain highly promising in Indonesia, where people consume less flour than in neighboring countries. Flour consumption and demand are expected to rise as Indonesia's economy continues its recovery in 2023, bolstered by the general trend in urbanization and a growing middle class that has an increasingly diverse diet and a preference for popular wheat-based foods, such as bread, pizza, and pasta. While international wheat prices have softened at the start of 2023, they are expected to remain volatile in the year under the current global situation.

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, PT Salim Ivomas Pratama Tbk and PT Perusahaan Perkebunan London Sumatra Indonesia Tbk in Indonesia. In Brazil, IndoAgri has 36.2% equity investments in sugar and bioethanol operations in Companhia Mineira de Açúcar e Álcool Participações ("CMAA") and land assets in Bússola Empreendimentos e Participações S.A. It is also invested in Roxas Holdings, Inc. in the Philippines through a 30%:70% joint venture with First Pacific.

CPO prices rose to record highs in early 2022 due to the Russia-Ukraine conflict. As a result, the Indonesian government implemented a temporary export ban and price control measures on domestic cooking oil. The export ban led to higher CPO stocks in Indonesia and lower prices by June 2022. Despite the government subsequently lifted the export ban and cut export levies to encourage exports, while at the same time it required companies to sell a portion of their CPO output in the domestic market before issuing export permits with the end result of impacting all Indonesian CPO producers. However, the EOF operations remained resilient. Despite lower sales volume for cooking oil due to policy changes and higher CPO input costs, it delivered higher profitability due to competitive pricing strategies.

Agribusiness group sales declined 10% to 17.8 trillion rupiah (US$1.2 billion) mainly due to lower sales at EOF division, despite higher average selling prices and sales volume of palm products. The sales volumes of CPO and palm kernel-related products rose 1% and 2% to 701,000 tonnes and 166,000 tonnes, respectively. The EBIT margin rose to 18.8% from 16.5% (restated).

Plantations

In Indonesia, the total planted area declined 2% to 294,488 hectares from year-end 2021, of which oil palm accounted for 83%, while rubber, sugar cane and other crops accounted for the remainder. IndoAgri's oil palms have an average age of approximately 18 years, while around 14% 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").

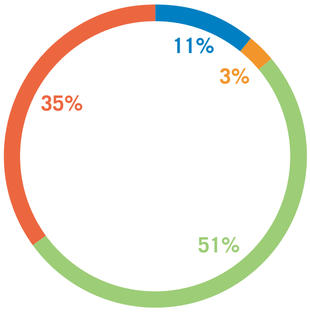
The Plantations division recorded an 11% increase in sales to 11.7 trillion rupiah (US$786.2 million) mainly reflecting higher average selling prices and sales volumes of palm products, partly offset by a net build-up of 40,000 tonnes of CPO inventories.

The Plantation division's FFB nucleus production rose 2% to 2,812,000 tonnes. This, coupled with higher purchases of FFB from external parties, enabled CPO production to rise 7% to 736,000 tonnes. The CPO extraction rate was stable at 20.9%.

In Brazil, the total planted area for sugar cane rose 5% to 119,693 hectares from year-end 2021, of which 49% was owned by CMAA, while contracted third-party farmers accounted for the remainder.

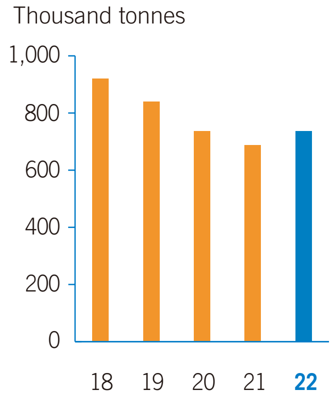
The Plantations division continues to prioritise capital expenditure on replanting of older oil palm trees in Riau and North Sumatra and critical infrastructure. Other initiatives include improving FFB yields through active crop management and to raise plantation productivity by pursuing relevant innovations and mechanisation programs. It will continue to focus on enhancing cost controls and further improving efficiency through digitalisation and streamlining of work processes.

Age Profile of Oil Palm Plantations



	Hectares
Immature areas	26,704
4–6 years	7,086
7–20 years	125,613
Above 20 years	85,365
Total	**244,768**

CPO Production



Edible Oils & Fats

This division manufactures cooking oils, margarines, and shortenings. It has an annual CPO refinery capacity of 1.7 million tonnes.

In 2022, this division recorded a 22% decline in sales to 12.7 trillion rupiah (US$850.0 million) as a result of lower sales volumes of edible oil products. Despite this and higher CPO input costs, the EOF division recorded an improvement in its profitability.

The EOF division aims to grow its sales volumes through competitive pricing strategies, rejuvenate the formats and packaging designs of cooking oils products and marketing strategy with a focus on market reach and penetration.

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 rose 24% to 6.2 trillion rupiah (US$417.8 million) mainly supported by higher demand for Indofood products and those of other consumer goods companies this group provides services to. The EBIT margin improved to 6.5% from 4.7% (restated) driven by higher sales and lower operating expenses.

With economic growth likely to continue into 2023, the Distribution group will concentrate on strengthening its competitiveness and operational excellence to generate and seize market opportunities. Emphasis will be placed on deepening market penetration, particularly in the rural areas, as well as managing and developing its distribution channels.

Outlook

Amid global uncertainty, Indonesia's GDP is forecast to grow in 2023. Indofood's growth strategy will be to continue to balance its market share with profitability and maintaining a healthy balance sheet. Continued growth in consumer purchasing power in Indofood's global markets is expected to underpin continuing sales growth overall in 2023.

PLDT

PROFIT CONTRIBUTION

US$**133.7** million

PLDT's core business remained solid in 2022, with consolidated service revenues and EBITDA reaching all-time highs in 2022 driven by PLDT's quality network, strong brands, and attractive product offerings despite market and competitive challenges. Data and broadband services remained the main revenue growth drivers across all businesses.

PLDT's contribution to the Group decreased 4% to US$133.7 million (2021: US$139.1 million), reflecting a 9.4% depreciation of the peso average exchange rate against the U.S. dollar during the year despite a strong performance.

Telco core net income up 10% to 33.1 billion pesos (US$608.0 million) from 30.2 billion pesos (US$612.4 million)	■ reflecting higher EBITDA driven by growth in service revenues ■ lower depreciation ■ partly offset by higher losses at an associated company, financing costs and provision for income tax
Consolidated core net income up 2% to 30.6 billion pesos (US$561.2 million) from 29.9 billion pesos (US$606.5 million)	■ reflecting higher telco core net income ■ partly offset by its share of a higher loss in Voyager ■ lower gain from asset sales
Reported net income down 60% to 10.5 billion pesos (US$192.5 million) from 26.4 billion pesos (US$534.2 million)	■ reflecting accelerated depreciation related to the modernization of the PLDT and Smart transport network, migration of copper network to fiber, and an initiative to sunset 3G technology ■ higher manpower rightsizing expenses, unfavorable tax effect, and lower asset sales ■ partly offset by higher core net income, a gain from the sale and leaseback of telco towers, and income from the prescription of preference shares redemption liability
Consolidated service revenues (net of interconnection costs) up 4% to 190.1 billion pesos (US$3.5 billion) from 182.1 billion pesos (US$3.7 billion)	■ reflecting sustained strong growth in Home and Enterprise revenues while Individual service revenue growth was limited by competition and the impact of inflation weakening consumers' purchasing power ■ Home and Enterprise service revenues grew 20% and 8%, and accounted for 30% and 25% of consolidated service revenues, respectively ■ data and broadband remained the main growth drivers, with combined revenues up 9%, representing 80% (2021: 77%) of consolidated service revenues
EBITDA (ex-MRP)* rose 4% to 100.5 billion pesos (US$1.8 billion) from 96.2 billion pesos (US$1.9 billion)	■ reflecting higher service revenues and lower subsidies ■ partly offset by higher cash operating expenses and provisions
EBITDA (ex-MRP) margin at 51% from 52%	■ EBITDA (ex-MRP) margin of wireless and fixed line at 58% and 43%, respectively

* EBITDA (ex-MRP) excludes manpower rightsizing program and telco tower sale and leaseback related expenses.

Capital Expenditures

In 2022, capital expenditure rose 9% to 96.8 billion pesos (US$1.8 billion), as the company invested in network capacity and information technology, as well as business capital to support demand growth in the home broadband business and rising network traffic. Ongoing key projects included the construction of an 11th data center for hyperscalers, investment in international cabling systems (Jupiter, Asia Direct Cable and Apricot), and cybersecurity infrastructure.

When compared to year-end 2021, total homes passed by PLDT's fiber optic network rose 23% to 17.2 million across 68% of the country's cities and municipalities. Fiber port capacity rose 33% to 6.1 million with port utilization of approximately 60%, and its domestic fiber footprint expanded by 16% to 866 thousand cable kilometers nationwide – the country's longest. Inclusive of the international cable capacity, PLDT had the Philippines' most extensive fiber footprint at 1.1 million cable kilometers. On the wireless network, the number of base stations for LTE/4G increased to 38.8

thousand, while Smart 5G stood at 7.2 thousand. As at the end of December 2022, PLDT's 5G, 4G and 3G population coverage was at 97% of the Philippines' population, while 5G alone was at 66%.

In 2022, PLDT built an additional 1.5 million ports for connecting more homes to its fiber optic network, maintaining its market leadership position.

Global benchmarking company Ookla® recognized PLDT's broadband as the fastest, with Smart operating the fastest mobile network and widest mobile coverage in the Philippines. Ookla Speedtest recorded Smart's 5G median speed at 160.76 Mbps as of December 2022, 45% faster than Globe's. Over the 10 years to 2022, PLDT has invested approximately 518.5 billion pesos (US$9.5 billion) in capital expenditure to serve its customers.

Lower from peak capital expenditure of 97 billion pesos in 2022, capital expenditure guidance for 2023 is between 80 billion pesos to 85 billion pesos, which includes fresh capital expenditure and takes into consideration the impact of agreements with vendors regarding capital expenditure approved in previous years.

Asset Divestments/Additional Investment

On 19 April 2022, PLDT subsidiaries, Smart Communications, Inc. ("Smart") and Digitel Mobile Philippines, Inc. ("Digitel") signed Sale and Purchase Agreements for the sale of 5,907 telco towers and related passive telco infrastructure to a subsidiary of EdgePoint Infrastructure and a subsidiary of edotco Group for a total consideration of 77 billion pesos (US$1.4 billion). The transaction was the largest ever acquisition of assets in the Philippines by international investors at the time. Smart has agreed to lease back the towers sold in the transaction for a period of 10 years. The sale and leaseback will be complemented by building another 1,500 new towers for Smart by 2030. The closing of the sale of 4,665 towers was completed in 2022, marking 79% completion of the sale and leaseback transaction with PLDT receiving a total of 57.7 billion pesos (US$1.1 billion). The final closing is expected to be completed in 2023. The proceeds from the towers sale have been earmarked for debt prepayment and avoidance, capital and operating expenditures, investments, and special dividends.

On 15 December 2022, Smart and Digitel signed a Sale and Purchase Agreement for the sale of 650 telco towers and related passive telco infrastructure to Unity Digital Infrastructure Inc. for a consideration of approximately 9.2 billion pesos (US$165.0 million). The terms of the sale and leaseback of the telco towers in this transaction mirror those in the transaction announced in April 2022. The sale and leaseback will be complemented by building another 220 new towers over the next few years for Smart. The transaction is expected to be closed in 2023.

On 16 March 2023, Smart and Digitel signed a Sale and Purchase Agreement for the sale of 1,012 telco towers and related passive telco infrastructure to Frontier Tower Associates Philippines Inc. ("Frontier") for a consideration of over 12.1 billion pesos (US$217.0 million). The terms of the sale and leaseback of the telco towers in this transaction are also similar to those in the transactions announced in April and December of 2022. The agreement includes a commitment to lease another 550 towers over the next few years by Smart. The transaction is also expected to be closed in 2023.

Through three telco towers sale and leaseback transactions mentioned above, PLDT will monetize 7,569 telco towers for a total consideration of 98.3 billion pesos (US$1.8 billion).

On 16 March 2023, PLDT signed a Sale and Purchase Agreement for the proposed acquisition of 100% interest in Sky Cable Corporation ("Sky") with Sky Vision Corporation, ABS-CBN Corporation, and Lopez, Inc. for the broadband business and related assets of Sky for a consideration of 6.75 billion pesos (US$121.1 million). The closing of this proposed transaction is subject to the satisfaction of certain conditions, including obtaining government and regulatory approvals, and all required consents and corporate actions.

Debt Profile

As at 31 December 2022, PLDT's consolidated net debt declined to 225.7 billion pesos (US$4.0 billion) from 228.7 billion pesos (US$4.5 billion) as at year-end 2021, improving net debt to EBITDA to 2.25 times from 2.38 times. Total gross debt fell to 251.9 billion pesos (US$4.5 billion) from 255.4 billion pesos (US$5.0 billion), with an average maturity of 6.7 years. 17% of gross debt was denominated in U.S. dollars, with only 5% unhedged after taking into account available U.S. dollar cash and currency hedges allocated for debt service. 57% of total debts are due to mature after 2027. Post interest rate swaps, 59% of the total debt are fixed-rate loans. The average pre-tax interest cost for 2022 declined further to 4.04% from 4.31% for the full year 2021.

As at the end of December 2022, PLDT's credit ratings remained at investment grade at S&P (BBB+) and Moody's (Baa2), the international credit rating agencies.

Dividends

On 23 March 2023, the PLDT Board of Directors declared a final regular cash dividend of 45 pesos (US$0.81) (2021: 42 pesos (US$0.82)) per share, representing 60% of its telco core net income in 2022, in line with PLDT's dividend policy. A final special dividend of 14 pesos (US$0.25) per share associated with the April 2022 towers sale transaction was declared as well. Both dividends will be paid on 21 April 2023 to shareholders on record as of 11 April 2023. Together with an interim regular dividend and an interim special dividend associated with the April 2022 towers sale transaction of 75 pesos (US$1.34) per share paid on 5 September 2022, total dividends for 2022 amounted to 134 pesos (US$2.4) per share, representing an effective payout of 88% of 2022 telco core net income.

Service Revenues by Business Segment

High demand for data and broadband services continued to drive PLDT's performance in 2022. Total service revenues rose 4% to an all-time high of 190.1 billion pesos (US$3.5 billion), led by a 9% increase in data and broadband revenues to 152.5 billion pesos (US$2.8 billion), which accounted for 80% of consolidated service revenues. Mobile data revenues grew 2% to 71.9 billion pesos (US$1.3 billion), Home broadband revenues rose 19% to 51.0 billion pesos (US$936.3 million), corporate data recorded a 12% growth to 24.2 billion pesos (US$444.3 million), and ICT revenues were up 12% to 5.4 billion pesos (US$99.1 million).

As at year-end 2022, the PLDT group's total subscriber base stood at 74.1 million.

Home service revenues sustained their growth momentum in 2022, rising 20% to an all-time high of 57.4 billion pesos (US$1.1 billion) – their second consecutive year of double-digit growth. Fiber-only revenues rose 45% to an all-time high of 48.5 billion pesos (US$890.4 million), accounting for 84% of total Home service revenues. The growth was underpinned by the continued rollout of nationwide fiber-to-the-home ("FTTH") fiber ports to meet strong customer demand for connectivity driven by PLDT's superior network quality. In 2022, PLDT captured approximately 60% of the total fiber industry revenue and subscriber growth in the Philippines. Its fiber subscriber base rose 21% to 2.9 million at the end of 2022. PLDT has been recognized by Ookla as the Philippines' fastest broadband provider for five consecutive years.

PLDT is uniquely positioned to tap the unserved home broadband market with its superior network quality and extensive cable footprint, strong brand equity in the market, improved installation capabilities, and a suite of fixed and wireless offerings using varied technologies and various price points to address the full gamut of market affordability.

Enterprise service revenues rose 8% to a new high of 47.5 billion pesos (US$872.0 million), driven by demand for data and ICT solutions, with data center revenues rising 15%. PLDT's Enterprise business has established a reputation for being the most trusted digital transformation service provider in the Philippines. Its continuous improvement in capacity, capability and infrastructure provides strong support for the Philippine government's digitalization goals, facilitates the digital transformation of enterprises, and meets the growing demands of hyperscaler businesses, data centers, and cloud consumers.

The construction of ePLDT's eleventh data center, VITRO Sta. Rosa, will strengthen PLDT's position as the Philippines' data center powerhouse and home for hyperscalers. Investments in the Jupiter, Asia Direct, and Apricot cable systems will equip PLDT to capture future requirements for massive data capacity, high-speed connectivity and network resiliency for diverse industries.

Impacted by high inflation and competition, Individual service revenues declined 5% to 82.0 billion pesos (US$1.5 billion) of which 84% (2021: 80%) were from data/broadband. Mobile data revenue rose 2% to 66.8 billion pesos (US$1.2 billion) with mobile data traffic up 32% to 4,393 petabytes for the full year 2022. The number of active data users increased 4% to 41.5 million subscribers.

As at the end of December 2022, the PLDT group's combined wireless subscriber base stood at 66.3 million, of which approximately 63.3 million were prepaid customers.

Smart's wireless network won Ookla's Fastest Mobile Network and Best Mobile Coverage in every quarter of 2022 and was cited as the Philippines' Best Mobile Network for the year.

Fintech Ecosystem

PLDT continues to expand its digital financial services through Maya – the most comprehensive fintech ecosystem in the Philippines, providing end-to-end financial services to consumers and enterprise customers. It was rated number one in the merchant acquiring business, the number one consumer finance app, and the number one digital bank in the country.

For consumers, the Maya all-in-one money app includes an e-wallet with best-in-class savings, instant credit, and cryptocurrency under one platform. As at the end of 2022, it recorded 1.5 million bank customers with 14.7 billion pesos (US$263.6 million) in deposits and approximately 3 billion pesos (US$53.8 million) in loans disbursed to consumers and micro, small, and medium-sized enterprises ("MSMEs").

Maya Business offers integrated payment solutions, credit, and banking services for everyday merchants, government, and MSMEs, serving the Philippines' largest e-commerce platforms.

Sustainability

Having identified sustainability as a key pillar of its strategy, PLDT has embedded ESG initiatives in its businesses.

PLDT is committed to reducing its Scope 1 and Scope 2 greenhouse gas emissions by 40% by 2030 from a 2019 baseline, and aims for Net Zero by 2050. The solar rooftop panels installed on five of its office buildings in Cebu have reduced greenhouse gas emissions by more than 137 tons, equivalent to 6,300 trees planted, and lowered operating expenses by 0.9 million pesos (US$0.02 million) within a nine-month period.

PLDT empowers communities and employees by promoting diversity and digital inclusion for education, livelihood, food security, disaster resilience, and digital wellness. Smart's 'Affordaloads' promotional offerings enable low-income Filipinos to access telco and internet services. Its cybersecurity measures prevented over 182 million cyber-attacks and breach attempts. It blocked over 1.3 billion attempts to access websites with child sexual abuse materials. One of Smart's online safety initiatives is accelerating SIM registration among its subscribers.

PLDT continues to align with global best practices for corporate governance. It is included in the 2022 ASEAN Asset Class in the ASEAN Corporate Governance Scorecard (ACGS) for 2021, as well as receiving ACGS Golden Arrow Awards as one of the top 80 Philippine public listed companies.

In 2022, PLDT's ESG scores continue to improve, with significant improvements reported by global organizations S&P Global, MSCI ESG, and CDP. It has been included in FTSE4Good index since 2019.

Outlook

PLDT's strong core businesses are supported by its network quality and breadth, and industry-best customer experience. For 2023, revenues and EBITDA growth are guided at mid-single digits, while capital expenditures will decline to between 80 billion pesos and 85 billion pesos, in line with the overall plan to glide capital expenditures downwards from their peak in 2022. Telco core income is expected to be higher than last year, but more specific guidance will follow a recast of its budget in light of the recent results of the review of a recent capital expenditure issue. PLDT will continue focusing on achieving positive free cash flow.

METRO PACIFIC INVESTMENTS

PROFIT CONTRIBUTION

US$104.4 million

Review of Operations

In 2022, MPIC's core businesses benefited from economic recovery in the Philippines with the gradual lifting of COVID-19 pandemic-related restrictions from the first quarter of the year. The resumption and expansion of business activities stimulated higher electric power consumption and growth in toll road traffic volumes.

MPIC's contribution to the Group rose 6% to US$104.4 million (2021: US$98.1 million), reflecting higher consolidated core net income, partly offset by a 9.4% depreciation of the peso average exchange rate against the U.S. dollar during the year.

Consolidated core net income up 15% to 14.2 billion pesos (US$260.5 million) from 12.3 billion pesos (US$249.7 million)	■ reflecting a 10% growth in contribution from operations to 18.9 billion pesos (US$346.9 million), mainly driven by higher contributions from the toll roads and electric power businesses ■ power, toll roads and water businesses accounted for 65%, 30% and 14%, respectively, of the consolidated net contribution to MPIC, while light rail, healthcare, agribusiness, real estate, and fuel storage combined recorded a net loss ■ a 10% rise in contribution from the power business to 12.4 billion pesos (US$226.9 million) driven by record high of revenues and volume sold, and growth in power generation businesses ■ a 47% increase in contribution from the toll roads business to 5.7 billion pesos (US$104.3 million) reflecting increases in traffic volume and toll rates ■ a 4% decline in contribution from the water business to 2.7 billion pesos (US$48.8 million) reflecting higher operating costs and the recognition of input VAT on operating expenses, partly offset by higher volumes in the commercial and industrial sectors and higher effective tariffs ■ other businesses, mainly light rail, healthcare, agribusiness, real estate, and fuel storage, together recorded a net loss of 1.8 billion pesos (US$33.1 million) ■ lower MPIC head office net interest expenses as a result of refinancing and re-rating activities
Consolidated reported net income up 4% to 10.5 billion pesos (US$192.7 million) from 10.1 billion pesos (US$205.0 million)	■ reflecting higher consolidated core net income ■ partly offset by impairment provisions for investments and lower non-recurring gains from the step acquisition of Landco in 2022, while the gain in 2021 was higher as a result of the transfer of Global Business Power Corporation ("GBPC") to Meralco PowerGen Corporation ("MGen") and the sale of a toll road in Thailand
Consolidated revenues up 17%to 50.9 billion pesos (US$934.1 million) from 43.6 billion pesos (US$882.5 million)	■ reflecting higher revenues at the toll roads, water, and light rail businesses

Debt Profile

As at 31 December 2022, MPIC's consolidated debt rose 19% to 292.5 billion pesos (US$5.2 billion) from 246.3 billion pesos (US$4.8 billion) as at 31 December 2021, mainly reflecting additional bank borrowings for a toll road acquisition in Indonesia, ongoing construction of new toll roads and wastewater treatment plants, new pipelaying, and extension of light rail. Net debt increased 26% to 246.3 billion pesos (US$4.4 billion).

Of the total debt, 88% was denominated in pesos and fixed-rate borrowings accounted for 82% of the total. The average interest rate rose to 6.12% for 2022 from 5.68% at year-end 2021, and debt maturities ranged from 2023 to 2037.

Capital Management

Dividends

MPIC's Board of Directors declared a final cash dividend of 0.076 peso (U.S. 0.14 cent) per share payable on 13 April 2023 to shareholders on record as of 27 March 2023. Together with the interim dividend of 0.0345 peso (U.S. 0.06 cent) per share paid on 8 September 2022, total dividends for 2022 amounted to 0.1105 peso (U.S. 0.20 cent) per share.

Share Buyback Program

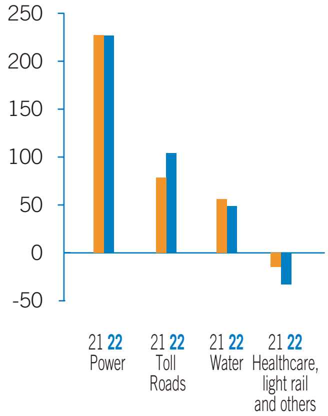
On 16 February 2022, MPIC's Board of Directors approved a share buyback program with a budget of up to 5.0 billion pesos (US$91.8 million) for 2022. MPIC fully utilized the budget and bought back approximately 1.4 billion shares from the open market.

Additional Investments

On 27 June 2022, MPIC entered into an agreement with the Carmen's Best Group to acquire a 51% equity interest in The Laguna Creamery, Inc. ("TLCI") for a total consideration of 198 million pesos (US$3.6 million). The Carmen's Best Group owns Carmen's Best Ice Cream, a premium ice cream brand in the Philippines, and Holly's Milk, the only domestic Philippine company producing pasteurized and homogenized fresh milk, yogurt, and cheese. The closing of the transaction is subject to the satisfaction of certain conditions.

On 3 August 2022, MPIC acquired an additional 2% interest in Meralco from JG Summit Holdings, Inc. for a consideration of approximately 7.8 billion pesos (US$142.7 million). The transaction increased MPIC's economic interest in Meralco to approximately 47.5% from approximately 45.5%.

Contribution from Operations



On 19 December 2022, Metro Pacific Tollways Corporation's ("MPTC") indirect subsidiary, PT Margautama Nusantara ("MUN"), completed the acquisition of 40% interest in Jasa Marga Jalanlayang Cikampek ("JJC") from Perusahaan Perseroan (Persero) PT Jasa Marga (Indonesia Highway Corporatama), Tbk. for a consideration of 4,030 billion rupiah (US$256.2 million). Following completion, an additional earn-out payment of up to 359 billion rupiah (US$22.8 million) will be payable upon the fulfilment of certain conditions. JJC is the concession holder of a 38-kilometers fully elevated Jakarta-Cikampek Elevated toll road which has been in operation since December 2019.

On 6 February 2023, Metro Pacific Agro Ventures, Inc. ("MPAV"), a wholly-owned subsidiary of MPIC, entered into a sales and purchase agreement with a group of sellers to acquire an interest of approximately 31.33% in Axelum Resources Corp. ("ARC"), for a consideration of approximately 4.82 billion pesos (US$88.3 million). On the same day, MPAV and ARC entered into an agreement to subscribe to 200 million redeemable preferred shares of ARC for a consideration of 0.5 billion pesos (US$9.2 million). The total consideration of these two transactions of approximately 5.32 billion pesos (US$97.5 million) is to be paid in full in cash upon completion, which is subject to the satisfaction of certain conditions, including regulatory approvals. MPAV will have approximately 34.76% voting interest in ARC. ARC is a Philippine-listed corporation and is a leading fully integrated manufacturer and exporter of a wide range of high-quality coconut products to global markets.

Power

Meralco is the largest electricity distributor in the Philippines, delivering electricity to users accounting for over half of the country's gross domestic product.

The volume of electricity sold rose 6% to a record high of 48,916 gigawatt hours. The residential, commercial and industrial sectors accounted for 35%, 36% and 29%, respectively, of the total sales volume in 2022. Residential, commercial, and industrial volumes rose 1%, 14% and 3% respectively, driven by increased mobility and business activities.

Meralco's revenues rose 34% to a record high of 426.5 billion pesos (US$7.8 billion) mainly driven by higher pass-through generation and transmission revenues, partly offset by a 7% decline in distribution revenue. The number of billed customers rose 3% to 7.6 million reflecting a steady growth in both the residential and commercial sectors.

Capital expenditures rose 55% to 42.6 billion pesos (US$782.0 million) primarily for developing power generation projects, upgrading distribution facilities, improving customer services, expanding Meralco's fiber network and acquiring cellular communications towers, and renewing Meralco facilities.

MGen, Meralco's wholly-owned power generation subsidiary, delivered a total of 13,424 gigawatt hours of energy, 2% lower than 2021 largely due to the impact of outages in the Philippines. MGen's assets include GBPC, San Buenaventura Power Ltd. Co., and PowerSource First Bulacan Solar, Inc. in the Philippines, and PLP in Singapore.

Renewable Energy

Meralco's electricity distribution arm has committed to securing 1,500 megawatts of its power requirements from renewable energy sources by 2027. Similarly, MGen is also accelerating the development of its renewable energy generation capacity by 1,500 megawatts by the same deadline.

MGen's 55 MWac solar plant in Bulacan went online in 2022 and will be followed by a 75 MWac solar plant in Rizal and a 68 MWac plant in Ilocos Norte in the first quarter of 2023.

Toll Roads

MPTC operates the North Luzon Expressway ("NLEX"), the Manila-Cavitex Toll Expressway ("CAVITEX"), the Subic Clark Tarlac Expressway ("SCTEX"), the Cebu-Cordova Link Expressway ("CCLEX") 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 now-iconic CCLEX bridge in Cebu opened on 30 April 2022. This 8.9-kilometer toll bridge is not only reducing traffic congestion and making travel more convenient, but also helping to accelerate economic development of the southern Philippines.

MPTC's revenues rose 31% in 2022 to a record high of 22.9 billion pesos (US$419.5 million), reflecting record high traffic and toll increases in the Philippines and Indonesia. Average daily vehicle entries on MPTC's toll roads rose 23% to 920,011 as relaxed COVID-19 restrictions stimulated economic and social activities. In the Philippines, average daily vehicle entries rose by 19% to 577,321, while traffic volume on international toll roads rose 30% to 342,690.

Capital expenditures increased 12% to 21.5 billion pesos (US$394.7 million), mainly reflecting the ongoing construction costs for the NLEX-SLEX Connector Road, CALAX, and CAVITEX-C5 South Link.

In the Philippines, MPTC budgeted approximately 68.5 billion pesos (US$1.3 billion) on completing the NLEX-SLEX Connector Road, additional segments of the CAVITEX-CALAX Link, the CAVITEX-C5 South Link and CALAX, with a total length of 61.5 kilometers. The NLEX-SLEX Connector Road is expected to be completed in 2023 with the other roads following in 2024.

Water

Maynilad Water Services, Inc. ("Maynilad") is the largest water utility in terms of number of customers 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") confirming its concession period until 31 July 2037 with certain amendments. On 21 March 2022, Maynilad accepted the 25-year franchise in relation to its concession, affirming its authority to provide waterworks, sewerage, and sanitation services.

During 2022, Maynilad received the MWSS Board of Trustees' Resolution approving Maynilad's Rebasing Adjustments ("R") for the 6th Rate Rebasing Period (2023 to 2027) and to be implemented on a staggered basis.

Maynilad's revenues rose 4% to 22.9 billion pesos (US$420.0 million) in 2022, reflecting increased commercial and industrial demand with higher effective tariffs as the economic consequences of the pandemic declined. Commercial and industrial demand rose 10% and 5%, respectively.

Capital expenditure rose 79% to 15.3 billion pesos (US$280.9 million), largely spent on leakage repairs and pipe replacements which were delayed during the pandemic period.

Beginning in 2024, the implementation of the staggered "R" will be subject to Maynilad's being able to attain its targets for water supply, continuity and coverage provided in its 2022 Approved Business Plan.

Light Rail

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

Revenues rose 58% to 1.8 billion pesos (US$32.9 million) as regulators removed an overall ridership ceiling of 70% of operating capacity in March 2022, resulting in a 77% increase in daily ridership to 219,772 passengers.

In 2022, LRMC's capital expenditure declined 39% to 2.7 billion pesos (US$50.3 million), mainly reflecting substantial completion of a signaling system upgrade in April 2022. As at the end of 2022, the completion rate of LRT-1's phase 1 of the extension reached 78%.

Healthcare

Metro Pacific Health Corporation ("MPH") is the largest private healthcare provider in the Philippines, with services ranging from outpatient care to cancer treatment, organ transplants and others. MPH operates 19 hospitals, 22 outpatient care centers, and six cancer care centers. It currently has over 3,400 beds.

MPH's revenues fell 1% to 20.0 billion pesos (US$367.3 million), reflecting lower COVID-19 related admissions and testing, which reduced average revenue per patient. In-patient admissions rose 31% to 124,369 while out-patient visits were up 20% to 3,722,504.

MPH's capital expenditure rose 12% to 2.5 billion pesos (US$46.0 million) reflecting investments in network integration and digitalization. In March 2023, MPH completed the acquisition of its fifth hospital in Mindanao, the 95-bed Howard Hubbard Memorial Hospital ("HHMH"). HHMH is located within the integrated plantation and canning facility of Dole Philippines, Inc. ("DPI").

MPIC's digital arm mWell PH provides affordable and accessible health and wellness services anytime and anywhere through its fully integrated digital platform. mWell PH was initially launched in July 2021 and reached over 1.4 million users at year-end 2022. Its telemedicine offers a free accident insurance package via the Healthsavers Plan. The data-based mWellness Score measures physical activities, steps, and quality of sleep. mWellMD provides a cutting-edge and full-suite clinical management system for doctors. Users in remote communities in the Philippines can receive services through mWell PH's portable mobile digital clinic mWell OnTheGo.

In February 2023, mWell PH was hailed as the Best Mobile Innovation for Digital Life at the Global Mobile Awards ("GLOMO"). Hosted by the Mobile World Congress in Barcelona, GLOMO is the technology industry's most prestigious accolade, judged by over 200 prominent subject experts across the world.

Agribusiness

MPAV, a wholly owned subsidiary of MPIC, is growing its agricultural assets in the Philippines. Its 22-hectare project in San Rafael, Bulacan, The Vegetable Greenhouse, aims to be the largest vegetable greenhouse facility in the country with an annual production capacity of approximately 1,600 tonnes of high-quality vegetables. Its affiliate company Innovative Agriculture (Agro) Industry Ltd. seeks to capture the full value chain from production of seedlings to vegetable cultivation, sorting, packaging, and marketing.

Upon the completion of acquiring interests in TLCI and ARC mentioned in additional investments section above, MPAV will be involved in coconut processing and exporting businesses, and further expand its dairy operations.

Sustainability

MPIC is embedding sustainability into all aspects of its businesses with a goal of generating pervasive and positive impacts through the following three CSR pillars, with some initiatives highlighted below.

Integrating Sustainability with Business Strategy

MPIC and its operating companies are implementing a wide range of sustainability initiatives. Renewable energy projects are ongoing under MGen as described above.

Maynilad's second solar project, a solar farm encompassing over 12,000 square meters of photovoltaics with capacity of 1,000 kilowatts located inside the La Mesa Compound in Quezon City, provides additional green energy to its water facilities for serving its 8.8 million customers.

Maynilad's water treatment plant in Paranaque City is the first in the Philippines equipped to recycle used water for human consumption, benchmarked against the highest global standards. The plant is equipped with a daily capacity of 10 million liters per day and began distributing treated used water to two barangays in Paranaque City during 2022.

Investing in Environmental Protection Programs

Under its "Plant For Life" program, Maynilad has planted over 1 million trees for reducing carbon emissions and protecting water supply in the West Zone Concession area.

Metro Pacific Investments Foundation ("MPIF") planted a total of 21,344 mangroves in its three mangrove centers for the celebration of its 15th listing anniversary, 42% more than its original goal.

MPIF's commitment to protecting and strengthening the sustainability of Philippine marine ecosystems was strengthened with a four-year program agreed with the Tubbataha Protected Area Management Board. The scope of partnership involves financial support to Tubbataha Reefs Natural Park, the Philippines' largest marine protected area. During the year, MPIF provided the first three tranches of funds to the program, and further committed to support the repair of the badly damaged Tubbataha Ranger Station with an additional 1 million pesos (US$0.02 million).

Aligning with Global Best Practices on Sustainability

MPIC achieved a record high score of 52 in S&P Global's Corporate Sustainability Assessment and is the highest among its domestic Philippine peers.

Sustainalytics' ESG Risk Ratings identify a company's exposure to industry-specific material financial impacts from ESG risks. In March 2022, MPIC achieved a low-risk score of 11.0 for Sustainalytics ESG Risk Rating and maintained its top position among multi-sector holdings companies in the Philippines. MPIC is also an "ESG Regional Top Rated" and "ESG Industry Top Rated" company. MPIC is among the top 2% of companies rated in Sustainalytics' Diversified Financials industry category.

MPIC's ESG ratings were upgraded by MSCI, Inc. in 2022 to an all-time best BBB from BB.

MPIC is the only company in the emerging markets category to achieve the highest level 'A' rating in the Global Listed Infrastructure Organization/Global Real Estate Sustainability Benchmark ESG Index for Infrastructure for two consecutive years.

MPIC's ESG practices enabled it to become a certified constituent of the FTSE4Good Index.

Outlook

MPIC demonstrated its commitment to improving the underinvested utilities sector in the Philippines through multi-year significant investments in its core businesses. The resulting enhanced operational efficiencies and improved service quality are building a strong foundation for continued earnings growth. With this success, MPIC plans to invest in agriculture in the Philippines – a critical sector for poverty reduction and food security. The availability of affordable essential services and basic needs of stakeholders is key to creating sustainable long-term value.

FPM Power / PacificLight

PROFIT CONTRIBUTION

US$**82.4** million

PLP's 800-megawatt Jurong Island Power Generation Facility is one of the most efficient combined cycle power plants operating in Singapore following the launch of commercial operations in 2014.

Singapore's economy recorded growth of 3.6% in 2022, stimulating a 1.9% rise in electricity demand led by growth in the construction and services sectors.

In 2022, PLP made a profit contribution of US$82.4 million (2021: US$21.8 million) to First Pacific as a result of a significant increase in core net profit.

Average plant availability was at 95.3% (2021: 99.9%) as maintenance work at both units was rescheduled to January 2022 from 2021. The heat rate remained low and the plant highly reliable. Unit 20's 64 consecutive months of no operational forced outage from March 2017 to June 2022 remains the longest such record in Singapore's electricity generation industry. In 2022, three forced outages were recorded due to minor issues which were promptly rectified.

The volume of electricity sold in 2022 rose 3% to 5,619 gigawatt hours (2021: 5,459 gigawatt hours), of which 91% (2021: 91%) was for contracted sales and vesting contracts, and the remaining 9% (2021: 9%) was for pool market sales. PLP's generation market share for the year was approximately 9.8% (2021: 10.0%).

Core net profit up 3.6 times to S$287.8 million (US$208.9 million) from S$80.7 million (US$60.0 million)	■ reflecting higher non-fuel margin for electricity sales and higher sales volume ■ partly offset by higher staff costs and marketing expenses
Net profit up 4.4 times to S$305.7 million (US$221.8 million) from S$69.1 million (US$51.4 million)	■ reflecting a significant increase in core net profit ■ a foreign exchange gain verses a loss in 2021
Revenues up 50% to S$2.4 billion (US$1.7 billion) from S$1.6 billion (US$1.2 billion)	■ reflecting a higher average selling price per unit of electricity as a result of higher oil prices ■ higher volume of electricity sold associated with economic growth
Net operating expenses up 47% to S$33.8 million (US$24.5 million) from S$23.0 million (US$17.1 million)	■ reflecting higher staff costs and marketing expenses ■ partly offset by higher other income on sales of carbon credits
EBITDA up 3.3 times to S$365.1 million (US$264.9 million) from S$111.5 million (US$83.0 million)	■ reflecting higher non-fuel margin for electricity sales and higher sales volume ■ partly offset by higher staff costs and marketing expenses

Debt Profile

During 2022, PLP prepaid US$199.6 million of its long-term debt. As at 31 December 2022, FPM Power's net debt stood at US$103.7 million while gross debt stood at US$235.1 million with most of the debt due to mature by December 2026. All of the borrowings were floating-rate bank loans.

Dividends

In 2022, PLP distributed dividends for the first time ever. Total dividends distributed to its shareholders amounted to S$135 million (US$98.0 million).

Singapore's Pioneer Offshore Solar Import Project

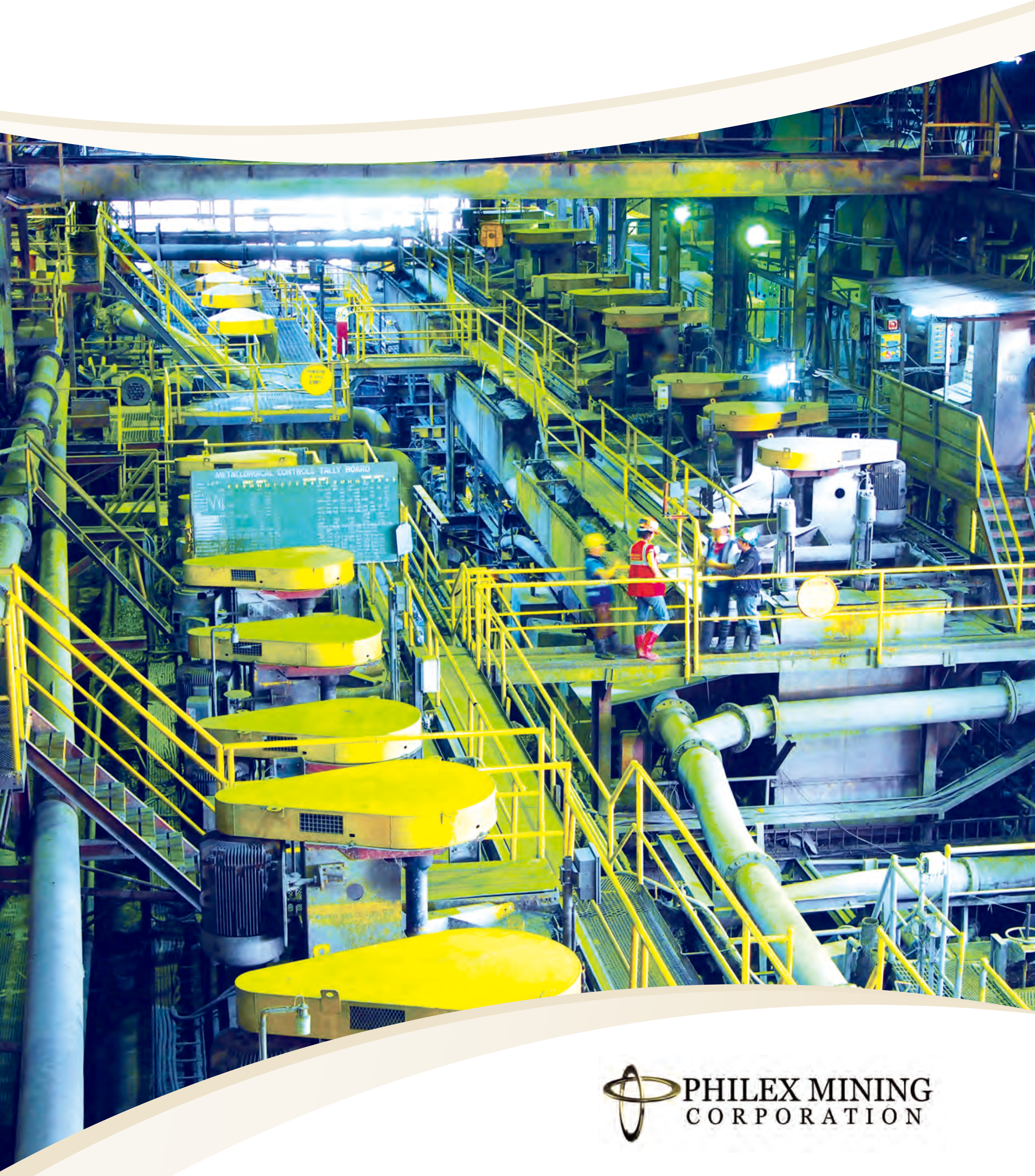
On 25 October 2021, PLP signed a Joint Development Agreement with consortium partners Medco Power Indonesia, a leading Indonesian independent power producer, and Gallant Venture Ltd., a Salim Group company, for a pilot solar import project from Bulan Island in Indonesia to Singapore. Upon the completion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

The consortium has been granted a 100-megawatt conditional Import Licence by the Energy Market Authority of Singapore ("EMA"), which will allow the renewable electricity generated to be supplied via a subsea cable connection from a solar farm on Bulan Island to the Singapore Power Grid network at PLP's existing site at Jurong Island, Singapore. Application for requisite permits and engineering study are in progress.

EMA aims to import up to 4.0 gigawatts of renewable electricity by 2035 through a Request for Proposal which the consortium intends to participate in.

Outlook

Singapore GDP growth forecast for 2023 is between 0.5% to 2.5%. Electricity demand growth is expected to be moderate, and the market outlook remains stable.



PHILEX MINING CORPORATION

PROFIT CONTRIBUTION

US$**13.4** million

Philex's profitability decreased in 2022 owing largely to the decline in tonnage milled, resulting in lower metal production. Other factors included elevated operating costs and expenses, and lower average realized price for copper, slightly offset by a stronger U.S. dollar against the peso. At the same time, Philex made progress in its Silangan Project in Surigao del Norte, Mindanao with the completion of earthmoving works for the box cut portal. Commercial production of copper and gold from Silangan is set to begin from early 2025.

In 2022, Philex's contribution to the Group declined 31% to US$13.4 million (2021: US$19.3 million), reflecting lower core net income.

Total ore milled was down 7% to 7.4 million tonnes due to production interruptions caused by repair and maintenance of mill equipment. Metal output was further held back owing to a decrease in the average gold grade by 6% to 0.269 grams per tonne, while the average copper grade improved by 2% to 0.19%. As a result, gold and copper production were down 12% to 48,567 ounces and 4% to 25.1 million pounds, respectively. The average realized gold price was flat at US$1,790 per ounce while the copper price weakened by 7% to US$3.96 per pound.

Core net income down 32% to 1.7 billion pesos (US$31.8 million) from 2.5 billion pesos (US$51.3 million)	■ reflecting lower revenue ■ partly offset by higher operating cost and expenses
Net income down 26% to 1.8 billion pesos (US$33.0 million) from 2.4 billion pesos (US$49.3 million)	■ reflecting lower core net income ■ partly offset by higher foreign exchange gain
Revenue (net of smelting charges) down 5% to 9.3 billion pesos (US$170.0 million) from 9.8 billion pesos (US$198.5 million)	■ lower metal output reflecting lower tonnage and declining gold ore grade, despite improvements in copper ore grade ■ lower average realized copper prices ■ partly offset by favourable exchange rates during the year ■ revenues from gold, copper and silver contributed 46%, 53% and 1% of the total, respectively
EBITDA down 18% to 3.5 billion pesos (US$64.7 million) from 4.3 billion pesos (US$87.5 million)	■ mainly reflecting lower revenue and higher cash operating costs
Operating cost per tonne of ore milled up 17% to 1,036 pesos (US$19.0) from 886 pesos (US$17.9)	■ mainly reflecting higher costs for power, materials and supplies driven by inflation and coal prices
Capital expenditure (including exploration costs) up 51% to 1.8 billion pesos (US$32.6 million) from 1.2 billion pesos (US$23.9 million)	■ reflecting higher capital expenditure for the preliminary mine development ground works at the Silangan Project

Philex announced on 7 December 2022 the completion of confirmatory drillings on the Sto. Tomas II ore body, and technical studies on the mining of previously declared resources and Tailings Storage Facility 3 of the Padcal mine. As of 31 October 2022, the remaining mineable reserves are estimated to be 42 million tonnes with average gold grade of 0.22 grams per tonne and copper grade of 0.17%. The total recoverable gold and copper are estimated to be 233,000 ounces and 127.4 million pounds, respectively. The estimated mineral resource is approximately 230.4 million tonnes with average gold grade of 0.29 grams per tonne and copper grade of 0.18%. The mine life of Padcal was accordingly extended to the end of 2027 from 2024, enabling a smooth transition to the commencement of the Silangan Project's commercial operations in 2025.

On 23 January 2023, Philex signed a term sheet with Macawiwili Gold Mining and Development Co., Inc. ("MGMDCI") for the intended exploration of commercial, financial, and technical aspects of MGMDCI's contract area of over 800 hectares located adjacent to Padcal mine under a Mineral Production Sharing Agreement. MGMDCI has been engaged in mineral exploration and production, including gold and copper, in Itogon in the Philippines for decades. Due diligence and preparatory works for scout drilling activities on the properties of MGMDCI are ongoing. Philex's possible investment in MGMDCI would potentially further extend the mine life of Padcal mine and offer the benefit of operational synergies with MGMDCI.

Debt Profile

As at 31 December 2022, Philex had 7.5 billion pesos (US$135.0 million) of borrowings, comprising bonds with a 1.5% coupon and short-term bank loans with an average interest cost of approximately 5.3%. Dollar-denominated short-term bank loans remained at US$29.0 million but increased 9% in peso terms to 1.6 billion reflecting depreciation of the peso against the U.S. dollar.

Dividend

On 23 February 2023, the Philex Board of Directors declared a cash dividend of 0.02 peso (U.S. 0.036 cent) (2021: 0.05 peso (U.S. 0.098 cent)) per share and paid on 24 March 2023 to shareholders. Part of the remaining cash generated in 2022 will be reserved for the development of the Silangan Project.

Silangan Project

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

The In-Phase Mine Plan feasibility study for the Boyongan deposit (Phase 1 of the Silangan Project) was completed in January 2022. The mine life and operation for the Boyongan deposit is 28 years with a mineable reserve estimate of 81 million tonnes, and estimated gold grade of 1.13 grams per tonne and copper grade of 0.67%.

The capital expenditure requirements under the In-Phase Mine Plan is US$224 million. The commercial operations of the Silangan Project are targeted to commence in the first quarter of 2025. The initial daily estimated ore production capacity is 2,000 tonnes and reaching 12,000 tonnes from the twelfth year of operation.

As part of the funding plan for financing the Silangan Project, Philex completed a Stock Rights Offering ("SRO") on 3 August 2022 and raised 2.65 billion pesos (US$47.6 million) with the issuance of 842 million new shares at 3.15 pesos (U.S. 5.66 cents) per share. The net proceeds of the SRO were allocated to fund the initial capital expenditure and development cost of the Silangan Project. In addition to Philex's reserved cash, SMMCI is in the final stages of raising additional funds via syndicated bank loans.

The decline portal for accessing the Silangan Project's ore body is expected to be completed by the end of March 2023, following by tunnel driving which will mark the start of mine development.

PXP

In 2022, petroleum revenue from Service Contract ("SC") 14C-1 Galoc oil field rose 16% to 74 million pesos (US$1.4 million) (2021: 64 million pesos (US$1.3 million)) reflecting a 34% surge in average crude oil sale prices, partly offset by a 24% decline in total volume lifted to 479,955 barrels from 631,948 barrels in 2021.

Costs and expenses declined 3% to 100 million pesos (US$1.8 million) (2021: 103 million pesos (US$2.1 million)), reflecting a fall in overhead.

PXP's core net loss declined 32% to 22 million pesos (US$0.4 million) from 33 million pesos (US$0.7 million), reflecting higher petroleum revenue and lower overhead.

SC 72 and SC 75

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 located in Northwest Palawan of the Philippines. 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 related work program and budget.

PXP holds a 50% interest in SC 75 Northwest Palawan Block. All exploration activities of SC 75 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, the 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.

The ongoing exploration activities of SC 72 and SC 75 were suspended on 6 April 2022 when FEL and PXP received a directive from the DOE to put on hold any oil exploration activities. On 11 April 2022, FEL and PXP terminated all the related exploration work and declared Force Majeure for both SC 72 and SC 75.

Outlook

The uncertainty of the geopolitical situation, combined with high inflation and interest rates, threatens to slow global growth in 2023. However, with the support of mineral resources development from the Philippine government, resilient global demand for green metals including copper, the further extension of Padcal's mine life to the end of 2027, the development of the Silangan Project, and potential business expansion are promising factors for the growth of Philex.

FP Natural Resources / RHi ROXAS HOLDINGS, INC.

SHARE OF LOSS

US$**6.4** million

RHI's strategy of focusing on sugar refining has proven beneficial to its business direction, given the farming sector in the Philippines is facing challenges from sugarcane shortages owing to unfavorable weather conditions caused by La Niña, rising fertilizer costs, declining productivity, and intense competition for sugarcane.

Its sugar mill in Batangas has a refinery capacity of 18,000 LKg per day (one LKg is equal to one 50-kilogram bag of sugar), and the bioethanol plant of San Carlos Bioenergy, Inc. has a daily production capacity of approximately 100,000 liters of bioethanol used exclusively for industrial purposes with none used for human consumption. On 15 December 2022, RHI announced the permanent closure of its Batangas milling operations from crop year 2022–2023.

In 2022, FP Natural Resources' loss narrowed 29% to US$6.4 million (2021: US$8.9 million), reflecting a lower core net loss at RHI.

During the year, RHI's refinery sales volumes (including tolling arrangements) doubled to 2,094 thousand LKg (2021: 1,084 thousand LKg) attributable to the completion of flex-fuel conversion on one of its refinery boilers. This facility enhancement increased the refinery's fuel source flexibility, thus expanding its production capability to the entire season. Sugar milling volumes declined 35% to 477 thousand tonnes (2021: 733 thousand tonnes) due to sugar cane shortages and intense competition. Sales volume of bioethanol also decreased 18% to 26.1 million liters (2021: 31.7 million liters) as bioethanol production was adversely impacted by higher cost of feedstock.

Core net loss down 18% to 797 million pesos (US$14.6 million) from 974 million pesos (US$19.7 million)	■ reflecting higher gross profit at the Batangas refinery ■ partly offset by a gross loss from bioethanol operations
Reported net loss down 11% to 791 million pesos (US$14.5 million) from 891 million pesos (US$18.1 million)	■ mainly reflecting lower core net loss
Revenues up 113% to 10.5 billion pesos (US$193.4 million) from 5.0 billion pesos (US$100.3 million)	■ reflecting higher sales volume of refined sugar and increased tolling fee ■ higher sugar and bioethanol prices ■ partly offset by lower sales volume of bioethanol
Operating expenses up 10% to 615 million pesos (US$11.3 million) from 559 million pesos (US$11.3 million)	■ reflecting higher selling and distribution expense due to increased refined sugar sales ■ higher personnel costs of regular and outsourced employees
EBITDA loss improved 59% to 39 million pesos (US$0.7 million) from 95 million pesos (US$1.9 million)	■ reflecting higher revenues ■ partly offset by higher cash production cost
EBITDA margin to -0.4% from -1.9%	■ reflecting lower EBITDA loss due to higher revenues

Debt Profile

As at 31 December 2022, long-term debt of RHI, including a convertible note issued by San Carlos Bioenergy, Inc., stood at 5.1 billion pesos (US$91.1 million) with maturities up until December 2028 at an annual interest rate of approximately 6.0%. The current portion of long-term debt was 407 million pesos (US$7.3 million).

Outlook

With Batangas refinery resuming operation in February 2023, continuing initiatives to reduce operating expenses, and potential income from its unutilized assets, RHI expects an improvement in its 2023 financial performance.

Chairman's Letter

The companies of the First Pacific Group recorded their fourth year in a row of higher contribution to First Pacific, allowing our Company to deliver record high recurring profit and a strong 16% increase in distribution to shareholders.

Dear fellow shareholders

The global economy in 2022 was marked by the lingering of the pandemic, the global fight against inflation, and the consequences of the war in Ukraine. These latter two factors are expected to continue to weigh on the global economy with the International Monetary Fund forecasting global growth to slow to 2.9% in 2023 from 3.4% a year earlier.

As the effects of the pandemic diminish, the markets in which our companies operate face headwinds from global financial tightening and an expected slowdown in external demand. Overall growth in Asia-Pacific is expected to be 4.3% in 2023, well below its historical average of 5.5%.

Nevertheless, the government of the Philippines saw 7.2% growth in gross domestic product in 2022 and expects similarly strong numbers in 2023. Indonesia, a much larger economy, saw growth of 5.3% last year, much of that driven by household consumption, with further strong growth expected in 2023.

Against this backdrop, the companies of the First Pacific Group recorded their fourth year in a row of higher contribution to First Pacific, allowing our Company to deliver record high recurring profit and a strong 16% increase in distribution to shareholders – a matter of importance to all of us.

The First Pacific Group is not resting on its laurels. Our companies will continue to improve efficiencies and productivity with judicious capital expenditure and well targeted training of staff. We continue to be optimistic about the Group's prospects over the medium term not least because steady investment in digital services, particularly by Indofood and PLDT, has strengthened our understanding of our markets and made us nimble in the face of changing consumer preferences and sentiment.

Yours sincerely

Anthoni Salim
Chairman

30 March 2023

Managing Director and Chief Executive Officer's Letter

First Pacific has again managed to deliver successive record highs in turnover, contribution from operations, and recurring profitability.

To our dear shareholders

Notwithstanding the waning but still lingering effects of the global pandemic and a resurgence in inflation led by commodity prices, First Pacific has again managed to deliver successive record highs in turnover, contribution from operations, and recurring profitability.

Contribution from operations in 2022 was again headed by Indofood, with a 12% rise in contribution, led by surging sales at its Noodles and Bogasari (flour) businesses. Its net sales and core profit again reached record highs last year. 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 consumers around the world.

PLDT's Home business continued to lead revenue growth to a new record high for PLDT as Philippine consumers continue to demand more data services like streaming and conferencing services. The Philippines' biggest telecommunications services provider maintained its lead in customer experience in both fixed-line and wireless markets, thereby ensuring a strong foundation for earnings growth in the years ahead.

MPIC continued its post-pandemic earnings growth in 2022, again led by its toll roads and electricity businesses. With a pipeline of more than 100 kilometers of new toll roads to be opened by MPTC this year and later, and Meralco's plans to install 1,500 megawatts of renewable electricity supply by 2027, these two engines of growth will continue to fire strongly in the years ahead even as MPIC builds out new businesses in agriculture and logistics.

After seeing its earnings pivot from loss to profit in 2021, PacificLight Power saw profitability surge in 2022 on higher power prices and strong demand growth. We expect continuing healthy growth in 2023 as PLP's increasingly strong contribution to First Pacific results in meaningful dividend payments to its shareholders.

Philex Mining's earnings were held back by lower copper prices and tonnage milled at its Padcal mine while work continued on its Silangan mining project in Mindanao, in the south of the Philippines, ensuring Philex will continue to produce gold and copper for yet more decades to come.

Closer to home in Hong Kong, Christopher H. Young retired as Chief Financial Officer after decades of service within the First Pacific Group, replaced by our Head of Treasury, Joseph H.P. Ng. I could not be more grateful to Chris for his long and loyal service and wish him well in his future endeavours. After observing Joseph in his first half-year in the post during which he has put his own stamp on our finances with proposed increases in shareholder distributions, I am confident that our finances will continue to be in robust health.

Looking ahead, we have every prospect for continuing increase in our earnings. The markets where we operate expect continuing strong economic growth and the managers in our various companies have planned well to ensure we are well placed to deliver what our customers want, and what our shareholders expect. I remain confident in the outlook for the Company for 2023 and in the many years ahead.

Yours sincerely

Manuel V Pangilinan
Managing Director and Chief Executive Officer

30 March 2023

Board of Directors and Senior Executives

Board of Directors

Anthoni Salim
Chairman

Age 73, 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. He is the father of Mr. Axton Salim.

Manuel V. Pangilinan
Managing Director and Chief Executive Officer

Age 76, 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, moving to the position of Executive Chairman until 2003, after which he was named Managing Director and Chief Executive Officer, his current post. 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), Maynilad Water Services, Inc., Metro Pacific Tollways Corporation, NLEX Corporation, Philex Mining Corporation, PXP Energy Corporation, Landco Pacific Corporation, Medical Doctors, Inc. (Makati Medical Center), Davao Doctors, Inc., Colinas Verdes Corporation (Cardinal Santos Medical Center), Mediaquest Holdings, Inc. and Associated Broadcasting Corporation (TV 5), and the Vice Chairman of Roxas Holdings, Inc.

Christopher H. Young
Executive Director

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 the Asian Institute of Management in 2016, an 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).

Age 65, 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 as 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 and served as Chief Financial Officer until he retired from the position in July 2022. He joined the First Pacific Board in August 2017.

Professor Edward K.Y. Chen
GBS, CBE, JP

Independent Non-executive Director

Age 77, 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 was the Chairman of the HKU SPACE Board of Directors and is currently an Honorary Professor of the HKU Business School, a Board Director of the Hong Kong Institute for Monetary Research of the Hong Kong Monetary Authority, and a Fellow of the Hong Kong Institute for the Humanities and Social Sciences at the University of Hong Kong. Professor Chen joined First Pacific's Board in 1993.

Philip Y.H. Fan
Independent Non-executive Director

Age 73, 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 contributions 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 60, Ms. Lee graduated with a Bachelor of Arts Honours in Economics and Accounting from the University of Leeds, UK and holds 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 the 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 is currently an Independent Director of Verde AgriTech Ltd., and serves on the Board of The Arts House Ltd., and the 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 70, 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 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 non-official member of the Executive Council of the Hong Kong SAR, a council member and Treasurer of the University of Hong Kong, a member of the Culture Commission, a member of the Public Service Commission, a non-ex officio member of the Law Reform Commission of Hong Kong, the Chairman of the Advisory Committee on Arts Development, and a member of the Advisory Committee on Post-office Employment for Former Chief Executives and Politically Appointed Officials. She is an Independent Non-executive Director of Sun Hung Kai Properties Limited, Agricultural Bank of China Limited, and China Mobile Limited. Mrs. Leung joined First Pacific's Board in December 2012.

Blair C. Pickerell
Independent Non-executive Director

Age 66, 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, 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 43, 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 the 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.

Mr. Salim is a Co-Chair of the United Nations Scaling Up Nutrition (SUN) Movement Business Network Advisory Group, a Coordinator of SUN Business Network Indonesia since 2014, and an Advisory Board Member of Nanyang Business School since 2020. He is a recipient of the Alumni Achievement Award from Leeds School of Business, the University of Colorado Boulder in 2021 for his sustained commitment, support, and exceptional services to the campus and the community.

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 64, 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

Joseph H.P. Ng
Chief Financial Officer
Associate Director

Age 60, 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 Chief Financial Officer in August 2022 and has been an Associate Director since April 2019. Previously he was Executive Vice President of Group Finance and served in several senior finance positions within the Group, including as the Group Treasurer, the Head of Finance of the Group's regional telecom division, and as a director of a number of the Group's telecom joint ventures in India, Indonesia, and China.

Marilyn A. Victorio-Aquino
Associate Director

Age 67, 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., and Lepanto Consolidated Mining Company. 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 66, 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.

John W. Ryan
Associate Director
Chief Sustainability Officer

Age 57, 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 a Commissioner of PT Indofood Sukses Makmur Tbk as well as Group Chief Sustainability Officer and Group Chief Investor Relations Officer.

Victorico P. Vargas

Associate Director

Age 70, 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 regions, particularly focused on leading the Business Transformation of PLDT.

Richard P.C. Chan

Executive Vice President
Group Financial Controller

Age 53, 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 has served as a Non-executive Director of Philex Mining Corporation since January 2019, which is a 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.

Fiona W.M. Chiu

Executive Vice President
General Counsel and
Company Secretary

Age 41, Ms. Chiu received a Bachelor of Laws (LL.B (Hons.)) from the University of Sheffield, United Kingdom, and a Postgraduate Certificate in Laws from the City University of Hong Kong. Ms. Chiu is a qualified lawyer. She spent 18 years undertaking roles across legal, governance and compliance in Hong Kong. Ms. Chiu has been a Solicitor of the High Court of Hong Kong SAR since December 2006.

She joined First Pacific in May 2022 from Goldman Sachs, where she was an Executive Director in the Compliance Department overseeing their Investment Banking Division's mergers and acquisitions and equity/debt capital markets businesses in Asia Ex-Japan. Prior to that, Ms. Chiu also held senior leadership roles in investment banking and corporate banking compliance at both JP Morgan and HSBC. Ms. Chiu was a seasoned corporate finance lawyer in private practice prior to becoming a financial services compliance professional. She is a committee member of the membership engagement committee and the sponsorship committee of the Hong Kong Chapter of the Association of Corporate Counsel. Ms. Chiu is also a council member of the Asia Chief Legal Officers' Council, organized by The Conference Board.

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

Age 53, 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. Mr. Lin has been Executive Vice President, Group Treasury and Tax since 2018 and took on added responsibility for Group Human Resources in 2022.

Stanley H. Yang
Executive Vice President
Head of Group Corporate Development

Age 46, Mr. Yang received a Bachelor of Science degree in Economics from the Wharton School of the University of Pennsylvania. He oversees First Pacific's investment and corporate development 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 acquisitions, divestments, mergers, 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. and Philippine Coastal Storage & Pipeline Corporation.

Sara S.K. Cheung
Vice President
Group Corporate Communications

Age 59, 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.

Yvonne W.Y. Lau
Vice President
Company Secretariat

Aged 56, Ms. Lau received a Bachelor of Arts (Hons) degree in Accountancy from City University of Hong Kong. She is an Associate of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute. Ms. Lau joined First Pacific in 1989.

Champion photo of
the 8th First Pacific Group
Photo Competition

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

First Pacific Charitable Fund

Supports the Hong Kong community with a focus on:
- Sharing and caring
- Well-being
- Education
- The environment

Tulong Kapatid

Offers a framework for seamless coordination among First Pacific Group companies to:
- Share information, resources, and volunteers for collective impact
- Eliminate inefficient duplication and identify synergies
- Present the First Pacific Group as a trusted partner 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 and promoting the culture of sports, focusing on:
- Identifying and developing athletes at grassroots and elite levels, providing quality sports programs and supporting Filipino athletes
- Supporting athletes and 15 sports associations such as basketball, badminton, boxing, weightlifting, football, and pole vault
- Supporting national teams that reached new highs in 2022: They won a total of 12 gold, two silver, and three bronze medals for boxing, weightlifting, and pole vault. The Philippine Football Women National Team qualified for the FIFA Women's World Cup for the first time ever for 2023. They also won the ASEAN Football Federation Championship title and a bronze medal in the Vietnam Southeast Asian Games
- Further raising the level of Filipino athletes and developing the potential of young sport talents through Community Sports and Youth Development programs and partnerships with the National Sports Associations

IdeaSpace Foundation

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

Indofood

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

- Institutionalizes programs on environmental conservation and protection and creates green livelihood for coastal communities through *Shore It Up! ("SIU")*
- Promotes sustainability and food security through *Bayan Tanim!*
- Grants alternative livelihood opportunities for displaced workers, members of indigenous communities, women's organizations, and local tourism sectors through *Puhunang Pangkabuhayan* Project
- Partners with *Tulong Kapatid* to provide calamity and disaster response

PacificLight

Support 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

Philex Mining Corporation

Provides funding and practical support for:
- COVID-19 related programs and activities
- Health, education, livelihood, public infrastructure, and 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

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 that focus on:
- Electrification of low-income households in the Meralco franchise area and public schools, health centers, and supporting agricultural and livelihood programs and water access 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 in 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

MMC – Makati Medical Center Foundation

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

A Culture of Responsibility and Sustainable Advancement

First Pacific and its investee companies employ over 119,000 people, mostly located in the fast-growing economies of Southeast Asia. We are committed to integrating positive ESG practices throughout our businesses and operating units. More details are available at www.firstpacific.com/sustainability/policies.php.

In 2022, First Pacific, its investee companies and foundations ("First Pacific Group") continued their community contributions according to their CSR focus, and Group company CSR teams worked together to organize immediate emergency response to communities in need. We leveraged our experience of providing quality, reliable, and affordable products and services, including food, raw materials, telecommunications connectivity, power, medical care, toll roads, water and more that support people at all levels of society. We also focus on long-term programs to improve livelihoods, well-being, education, and the environment in the Group's home countries.

Details of sustainability initiatives/CSR activities at our major investee companies are available on their respective websites:
Indofood at www.indofood.com/sustainability
PLDT at main.pldt.com/about-us/corporate-citizenship
MPIC at www.mpic.com.ph/csr/
PLP at https://www.pacificlight.com.sg/about-us/community-engagement
Philex at www.philexmining.com.ph/

First Pacific Group in action with relief and restoration following natural disasters

Our commitment to providing support to our communities, with appropriate safety arrangements in place for employees, customers, and other stakeholders was demonstrated in responses to natural disasters over the years.

In mid-December 2021, Typhoon Odette swept across the Visayas and Mindanao regions of the Philippines with wind speeds up to 195 kilometers per hour. Around 300,000 people were evacuated, millions more were affected, and vast areas were left without power, water, or food in a state of calamity.

By early 2022, the First Pacific Group came together to offer relief, raising over 50 million pesos (US$0.9 million) for immediate financial and material assistance to the victims in the Visayas and Mindanao. MPIC group companies followed up with further support of over 24 million pesos (US$0.4 million).

The PLDT-Smart Foundation ("PSF") is highly experienced in mobilizing disaster aid. As PLDT and Smart restored telco networks, PSF donated over 30,000 relief packs, simcards, satellite phones, and solar lamps and generator sets, and established and operated charging stations. The Text to Donate platform and Maya (formerly named PayMaya) channels raised further funds for victims. Volunteer engineers from PLDT and Smart worked through Christmas and the New Year to restore communications and help customers get in touch with loved ones.

Metro Pacific Investments Foundation ("MPIF") provided food, water filters, solar lamps, and bedding to hard hit areas, including Siargao, where MPIF nurtures a Mangrove Center and local biosystems. Metro Pacific Health (formerly named Metro Pacific Hospitals) was at the forefront of relief. Its Mindanao hospitals rallied to provide truckloads of supplies for the hospital in Bohol. Makati Medical

Center conducted damage assessment and needs analysis for Siargao's local hospital and healthcare system. MPTC's Cebu-Cordova Link Expressway Corporation distributed food packs for employees and families, and a further 2,000 food packs for Cordova and Cebu City. MPTC also donated additional food, water, blankets, and more in relief to the stricken province of Leyte. Maynilad sent thousands of bottles of water to affected regions. Metro Pacific Water companies worked together to ensure a 24/7 water supply and distributed water and relief packs.

Meralco and its One Meralco Foundation mobilized teams of experts to assist with power restoration throughout the damaged region. They also supplied emergency and alternative power and relief packs.

Philex mobilized charging stations and held a donation drive among its employees.

The cooperation among First Pacific Group, local government units, and other organizations for providing timely and proactively CSR support to the needy in the communities we serve demonstrates our commitment with action.

Employee and stakeholder engagements

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

The 8th First Pacific Group photo competition

This annual group-wide event welcomes all First Pacific Group staff to participate. Themes for this round are:

- Teamwork in action
- Pride in our companies
- Our unique culture

We received a total of 323 entries from enthusiastic photographers at 23 investee companies. The eight winning photos are:

1 Champion: *Dragon Boat Competition, Synchronicity and Teamwork* by Lemuel Amano Ragasa, from Meralco
2 1st Runner-up: *Solar Energy, Support Sustainability* by Girlblu Y. Miranda, from MPT South
3 2nd Runner-up: *Bali Kecak Dance* by Eri Pramono, from Indofood
4 3rd Runner-up: *Risk for a While, to be Safe Every Time* by Jeffrey Capinpin Fernandez, from Philex
5 4th Runner-up: *Laro Tayo* by Jovit Angelo D. Caballero, from NLEX
6 Merit Award: *Popmie Culture* by Keleri Ginting, from Indofood
7 Merit Award: *Taas Noo, Meralco Linemen Ako* by Catherine Rose P. Sta. Romana, from Meralco
8 Merit Award: *Bayani Ka* by Heinz Reimann D. Orais, from MPT South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The View magazine

We engage First Pacific Group's employees and our stakeholders through the digital version of *The View* on the First Pacific website at https://www.firstpacific.com/press/theview.php.

This bi-annual magazine, published in May and November, provides insights into First Pacific Group companies' initiatives, highlights milestones, tells stories of our people and their commitments and contributions to the communities, and details the development and achievements of various projects, awards, and recognition received from reputable organizations.

First Pacific's volunteering policy

To encourage employee participation and contribution to our communities, First Pacific employees may request up to 24 hours per annum of paid volunteer time to participate in activities at 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.

Supporting our communities

In October 2022, First Pacific's employees, their family members and friends enjoyed a charitable outing with a beautiful weather through "Hike for Hospice 2022", an annual fund-raising event of the Society for the Promotion of Hospice Care ("SPHC"). Our three sub-teams walked along the coast from Wong Shek Pier to Hoi Ha in Sai Kung. First Pacific matched each employee's donation for this event and the total amount raised was close to double our target. Proceeds raised help to enable SPHC to continue its mission of providing quality palliative care to underprivileged terminal patients and their loved ones.

First Pacific also supported the communities of our investee companies. We made a special donation to the PLDT-Smart Foundation for its Christmas outreach activities with the aim of sharing and helping those in need.

In 2022, we also supported the following in Hong Kong:

- Healthy Hong Kong
- Hong Kong Green Day 2022 hosted by the Green Council
- Hongkong Land HOME FUND's Matching Gift Program for Tenants
- MLH Youth Cultural & Educational Center
- Scholarships at Lingnan University
- The Community Chest Dress Casual Day
- The Society for the Relief of Disabled Children

In addition, we supported long-term programs for identifying and unlocking potential of future leaders and athletes through:

- First Pacific Leadership Academy
- MVP Sports Foundation

Playing our part

At First Pacific, we are committed to fostering the wellbeing of our people and others as we believe that being a responsible corporate citizen aware of its responsibilities is one of the key elements for a sustainable future. We are closely connected and dedicated to the social, economic, and environmental landscape around us through supporting the welfare and development of our communities. This also strengthens the resilience and competitiveness of our businesses in the long run.

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 reviews the Company's corporate governance practices 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 Stock Exchange of the Hong Kong Limited (the "SEHK") and of the Company.

The Company has adopted its own Code on Corporate Governance Practices (the "First Pacific Code"), which incorporates the principles and requirements set out in the Corporate Governance Code contained in Appendix 14 of the Listing Rules (the "CG Code"). During the year ended 31 December 2022, the First Pacific Code was updated to reflect 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 year ended 31 December 2022, First Pacific has applied the principles and complied with the material provisions of the CG Code and, where appropriate, adopted the Recommended Best Practices contained in the CG Code with the following exceptions:

Code Provision E.1.5: Issuers should disclose, amongst others, details of any remuneration payable to members of senior management by band in their annual reports. Recommended Best Practice E.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 D.1.5 and D.1.6: 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 companies already issue quarterly reports. As such, we believe that the relevant information is already available in the public domain.

Code Provision D.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 companies' 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 companies' 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.

Corporate Culture

The Board, together with senior management, set the tone of First Pacific's corporate culture and strategic direction. The Corporate Governance Committee is especially tasked with setting the Company's corporate governance and environmental and social responsibility vision, strategy, framework, principles and policies. The Company's corporate culture is thus manifested through framework and policies which have been put in place.

At First Pacific, we strive to create an environment that encourages collaboration and creativity. We believe that a strong corporate culture is essential to our success in creating value-enhancement for our shareholders and long-term sustainable performance. We strive to foster an atmosphere of respect, trust, and open communication. We value diversity and inclusion, and are committed to creating a workplace that is safe, healthy and productive for our employees.

Building a culture is, however, a process that evolves over time and requires constant evaluation. The Company promotes and maintains its culture through regular training, internal corporate governance practice steering group, employee engagement, thematic compliance monitoring, policy reviews, robust financial reporting, whistleblowing, stakeholder engagement exercises and an annual board evaluation process.

Taking into account the corporate culture in a range of contexts, the Board considers that the culture, purpose, values and strategy of the Group are significantly aligned.

First Pacific's purpose, values and strategy can be found in its mission, investment criteria and strategy statements on the inside front cover of this report.

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 2022.

Directors' interest in securities of the Company and its associated corporations as at 31 December 2022 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 2022, the Company did not receive any disclosure or report under the Whistleblowing Policy.

Anti-Bribery and Corruption Policy

The Company has put in place an Anti-bribery and Corruption Policy, which has been adopted by the Board, assisting staff in identifying circumstances which may lead to or give the appearance of corrupt or unethical business conduct, so as to avoid such conduct which is clearly prohibited. Prompt report of any actual or suspected incident of bribery, corruption, extortion, fraud or similar offences to the Chairman of the Audit and Risk Management Committee is required in accordance with procedures set forth in the Whistleblowing Policy for investigation and follow-up. The policy is regularly reviewed to ensure its effectiveness and is posted on the Company's website (www.firstpacific.com).

Board of Directors

As at the date of this Annual Report, the Board comprised ten Directors, of whom two are Executive Directors, three are Non-executive Directors ("NEDs") and 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 (re-elected) to 2025 AGM	**Manuel V. Pangilinan**, *Managing Director and Chief Executive Officer* Term of Re-appointment: 16 June 2022 (re-elected) to 2025 AGM
Benny S. Santoso Term of Re-appointment: 16 June 2023 (to be re-elected) to 2026 AGM	**Margaret Leung Ko May Yee**, *SBS, JP* Term of Re-appointment: 16 June 2022 (re-elected) to 2025 AGM	**Christopher H. Young** Term of Re-appointment: 16 June 2023 (to be re-elected) to 2024 AGM
Axton Salim Term of Re-appointment: 16 June 2023 (to be re-elected) to 2026 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 2023 (to be re-elected) to 2026 AGM	

Board Process

The Board meets 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. Management regularly attends Board and Board Committee meetings to deliberate on proposals and present updates on operations. Any Director, external advisors and consultants could be invited to participate on specific topics at Board and/or Board Committee meetings as and when appropriate.

The schedule for Board and Board Committee meetings as well as general meetings is made available to all Directors prior to the end of the preceding year, allowing Directors to plan their schedules in advance. In addition, notice of at least 14 days will be given for a regular Board meeting or Board Committee meetings. For ad-hoc meetings, reasonable notice will be given. Telephone and/or video conference participation were arranged for any Director who is unable to attend a meeting in person. Such facilities were frequently utilised during the year to ensure that the Directors were able to attend meetings without hinderance.

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 and 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 provided to the Directors seven days prior to the scheduled date for regular meetings and at a time agreed for ad-hoc meetings. Chairs of the Board Committees report to the Board following each Board Committee meeting, drawing the Board's attention to issues or matters of which the Board should be made aware of, identifying any matters of significance requiring action or improvement, and making relevant recommendations.

Agendas and meeting papers are circulated through an electronic platform to ensure a timely and secure dissemination of information to the Directors while reducing paper usage.

The Company Secretary attends all Board and Board Committee meetings. Draft minutes, which recorded those matters considered, decisions reached, concerns raised and dissenting views expressed (if any) at the meetings, are circulated for review and comment as soon as practicable post meeting. Final versions of the minutes are sent to the Directors and Board Committee members for records. All signed minutes of the Board and Board Committee meetings are kept by the Company Secretary and are open for inspection by any Director.

In addition to the regular financial performance reports that are presented at the regular Board meetings, the Directors are provided with monthly financial and business updates to keep them abreast of the Group's latest performance, financial position and prospects throughout the year. Prior to the publication of the Company's announcements on the websites of the SEHK and the Company, the Company Secretary seeks the Board's approval and following publication, notifies the Board to keep the Directors apprised of the Group's development.

The Board conducts evaluation on its performance and effectiveness annually with a view to identifying areas for improvement and further enhancement. A meeting between the INEDs and the Chairman in the absence of Executive Directors, NEDs and management was held in June 2022.

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 culture, values and standards. In this respect, it is essential to conduct regular evaluation of the performance and effectiveness of the Board. These evaluations are overseen by the Corporate Governance Committee and the results are presented to the Board.

As with the previous year, the Company conducted an internal Board evaluation for 2022 (the "2022 Board Evaluation") in the form of a questionnaire to assess the performance and effectiveness of the Board as a whole and each of its committees, including open-ended questions intended to solicit individual Director's views on relevant issues. Based on the feedback received, on the whole, the respondents responded positively to questions regarding (i) the roles and functions of the Board and their responsibilities as Directors; (ii) having sufficient opportunity to oversee performance of the Company; (iii) the Company's internal controls and risk management systems; (iv) current Board composition; (iv) Board meeting arrangements; (v) training and support received; and (vi) working with each other and with management. These results largely align with Board evaluation results of previous years.

Based on the findings of the 2022 Board Evaluation, the Corporate Governance Committee and the Board considered that the Board performed effectively during the year ended 31 December 2022.

Attendance Records

The Board held five regular meetings and one strategic session during the year. The attendance records of the Board and Board Committee meetings as well as the AGM and SGM held in 2022 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 and Board Committee meetings was approximately 99%. The high attendance record at the Board and Board Committee meetings in 2022 demonstrates our Directors' strong commitment to the Company.

	Meetings held in 2022 (Number of meetings attended/eligible to attend)									
	Board	Audit and Risk Management Committee	Nomination Committee	Remuneration Committee	Corporate Governance Committee	Finance Committee	Board Strategic Session	Independent Board Committee	2022 AGM	SGM
Number of meetings	5	4	1	3	3	3	1	1	1	1
Non-executive Chairman										
Anthoni Salim	5/5	–	1/1	3/3	–	–	1/1	–	1/1	0/1
Executive Directors										
Manuel V. Pangilinan, *Managing Director and Chief Executive Officer*	5/5	–	1/1	–	–	3/3	1/1	–	1/1	1/1
Christopher H. Young	5/5	–	–	–	–	–	1/1	–	1/1	1/1
Non-Executive Directors										
Benny S. Santoso	5/5	–	–	–	–	–	1/1	–	0/1	1/1
Axton Salim	5/5	–	–	–	2/3	3/3	1/1	–	1/1	1/1
Independent Non-Executive Directors										
Prof. Edward K.Y. Chen, *GBS CBE, JP*	5/5	4/4	1/1	3/3	–	3/3	1/1	1/1	1/1	1/1
Margaret Leung Ko May Yee, *SBS, JP*	5/5	4/4	–	–	3/3	3/3	1/1	1/1	1/1	1/1
Philip Fan Yan Hok	5/5	–	1/1	3/3	3/3	3/3	1/1	1/1	1/1	1/1
Madeleine Lee Suh Shin	5/5	4/4	1/1	–	3/3	3/3	1/1	1/1	1/1	1/1
Blair Chilton Pickerell	5/5	–	–	–	3/3	3/3	1/1	1/1	1/1	1/1
Average attendance rate	100%	100%	100%	100%	93%	100%	100%	100%	90%	90%

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 42 to 45 of this Annual Report.

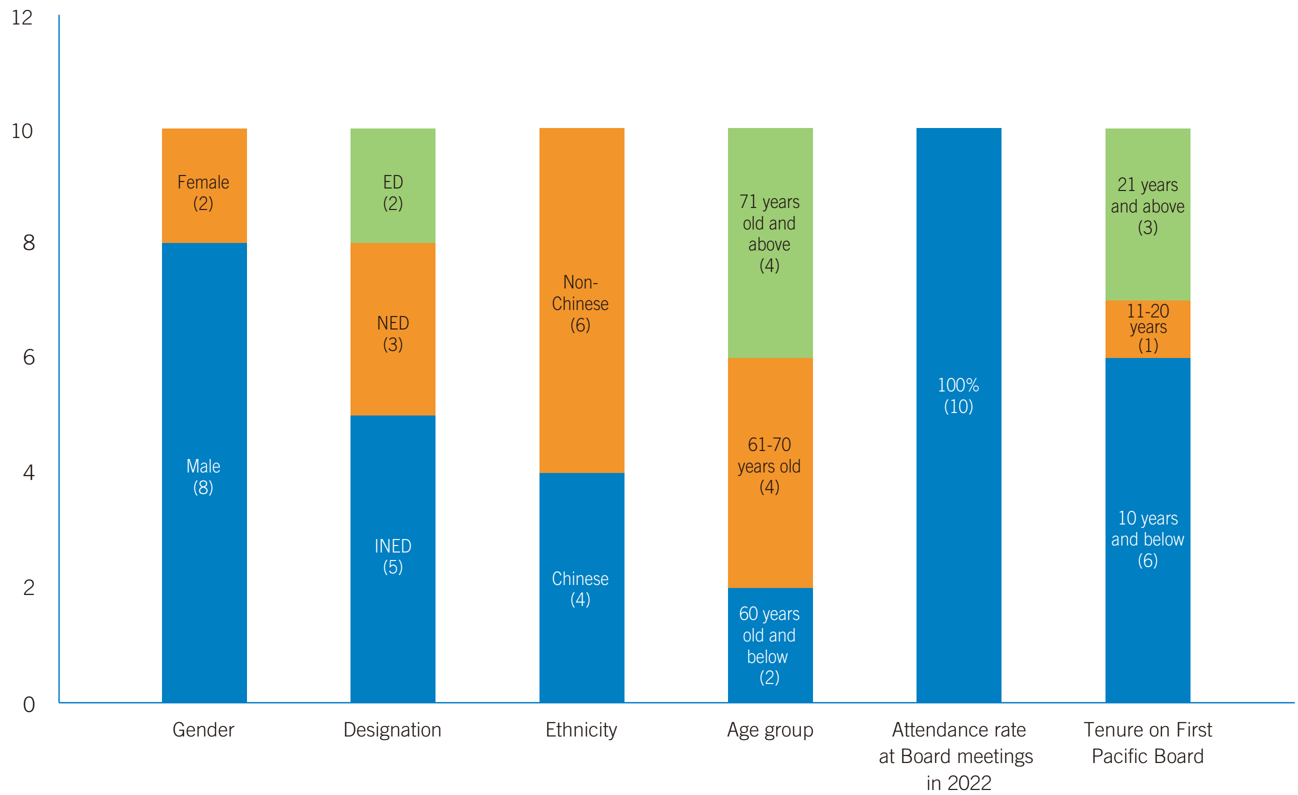
The Board considers that its diversity is a vital asset to its businesses. The Board has adopted a Board Diversity Policy (the "Board Diversity Policy"), which is available on the Company's website (www.firstpacific.com). Board appointments are based on merit and candidates are considered against objective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

Having regard to the amendments to the CG Code, the Board, through the Nomination Committee, reviewed the Board Diversity Policy and its effectiveness during the year. Enhancements were made to the Board Diversity Policy to set numerical targets for gender diversity for the Board. The Company is committed to maintaining a minimum representation of 20% of either gender at Board level. Currently, 20% of the Directors are female and 80% are male. The Company will review from time to time the diversity target of the Board.

The Company remains committed to meritocracy in the boardroom, 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 and diversity is set out in the following chart:

Number of Directors



Workforce Diversity

First Pacific is committed to upholding, protecting and embracing staff members with diversified backgrounds, culture and gender. The Company maintains a highly diverse workforce; in terms of gender diversity, as at 31 December 2022, 51% of the Company's staff were female and 49% were male. For more details of gender diversity at workforce level, please refer to the standalone 2022 ESG report available on the websites of the SEHK and the Company.

Chairman and Chief Executive Officer

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

Currently, Mr. Anthoni Salim, a NED, 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 (who is also the Managing Director) 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 functions performed by the Board include, but are not limited, to formulating the overall corporate strategy and direction, deciding all significant financial (including major investment decisions) and operational issues, and all other functions reserved to the Board set out in the First Pacific Code.

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, execution of business plans, strategies and policies formulated and adopted by the Board. The Board may from time-to-time delegate certain functions to management if and when considered appropriate. 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 an established policy enabling all Directors to seek independent professional advice in appropriate circumstances, at the Company's expense. Mechanisms to ensure independent views and input are available to the Board, which implementation and effectiveness will be reviewed by the Board on an annual basis, are put in place. These mechanisms include arranging separate independent professional advice to Directors to assist the relevant Director(s) to discharge their duties to the Company as and when requested or necessary, having the appropriate Board and Board Committee structure in place, and holding annual evaluation of the Board's effectiveness.

The Company has arranged appropriate Directors' and officers' liability insurance coverage, renewable annually, to protect Directors and officers of the Group against potential personal legal liabilities.

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, who is an INED, 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. As part of the on-going independence assessment process, each INED is required to inform the Company as soon as practicable if there is any change in circumstances affecting his/her independence. No such notification was received during 2022.

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. NEDs (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 42 to 45 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. The Group has also continued the search process to identify potential talents from within and outside the Group for succession planning across the Group.

Directors' Training and Continuous Professional Development

Directors undertake continuous professional development and training 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.

During the year, training on the SEHK's guidance on climate disclosure and a refresher training on insider dealing laws and regulations under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO") were arranged, at the Company's expense, for Directors and management. In addition, the Directors received from the Company Secretary periodic updates on applicable key legal and regulatory developments.

The training and professional development undertaken by the Directors during the year is as follows:

	Types of training	
Name	**Attending or giving talks at training course/seminars/ conference/forums/briefings**	**Reading materials on various topics***
Non-executive Chairman		
Anthoni Salim	✔	✔
Executive Directors		
Manuel V. Pangilinan, *Managing Director and Chief Executive Officer*	✔	✔
Christopher H. Young	✔	✔
Non-executive Directors		
Benny S. Santoso	✔	✔
Axton Salim	✔	✔
Independent Non-executive Directors		
Prof. Edward K.Y. Chen, *GBS, CBE, JP*	✔	✔
Margaret Leung Ko May Yee, *SBS, JP*	✔	✔
Philip Fan Yan Hok	✔	✔
Madeleine Lee Suh Shin	✔	✔
Blair Chilton Pickerell	✔	✔

* Topics include the Company's business, corporate governance matters, Directors' duties and responsibilities and latest developments regarding the Listing Rules and other applicable legal and regulatory requirements

Board Committees

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

Name	Board	Audit and Risk Management Committee	Nomination Committee	Remuneration Committee	Corporate Governance Committee	Finance Committee	Ad Hoc Selection Committee
Non-executive Chairman							
Anthoni Salim	✔(C)		✔	✔			✔
Executive Directors							
Manuel V. Pangilinan, *Managing Director and Chief Executive Officer*	✔		✔			✔	
Christopher H. Young	✔						
Non-Executive Directors							
Benny S. Santoso	✔						
Axton Salim	✔				✔	✔	
Independent Non-Executive Directors							
Prof. Edward K.Y. Chen, *GBS, CBE, JP*	✔	✔	✔	✔(C)		✔	✔
Margaret Leung Ko May Yee, *SBS, JP*	✔	✔			✔(C)	✔(C)	✔
Philip Fan Yan Hok	✔		✔(C)	✔	✔	✔	✔(C)
Madeleine Lee Suh Shin	✔	✔(C)	✔		✔	✔	✔
Blair Chilton Pickerell	✔				✔	✔	

(C) = Chairman of the Board/Board Committee
✔ = member of the Board/Board Committee

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 latest terms of reference of the Board Committees are 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 three INEDs and is chaired by Ms. Madeleine Lee Suh Shin. All members possess relevant professional qualifications 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 44 and 45 of this Annual Report.

The Audit and Risk Management Committee's written terms of reference, which set out clearly 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.

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 2022, 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.

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 58 of this Annual Report. Major work performed by the Audit and Risk Management Committee during the year was as follows:

- reviewed and recommended for approval by the Board the Company's annual results and consolidated financial statements for the year ended 31 December 2021 and the related documents, financial reporting and audit issues noted by the Company's independent auditor;
- reviewed and recommended for approval by the Board the Company's interim results and condensed consolidated financial statements for the six months ended 30 June 2022 and the related documents, financial reporting and accounting issues noted by the Company's independent auditor;
- considered the 2022 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 2022 AGM;
- reviewed the adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting functions, and their training programs and budgets;
- reviewed the report on the Head Office's cybersecurity risk assessment and the revision to the Company's IT Management and IT Support Information Security Standards;
- 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; and
- reviewed the Audit and Risk Management Committee's effectiveness in discharging its role and responsibilities and its terms of reference and made recommendations to the Board for any changes.

Remuneration Committee

The Remuneration Committee is currently comprised of a majority of INEDs, and chaired by Prof. Edward K.Y. Chen, an INED. Its terms of reference set out clearly its authorities and duties. The terms of reference include the specific authorities and duties set out in paragraph E.1.3 of the First Pacific Code.

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.

During the year, the Remuneration Committee held three meetings 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 58 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 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 management members; reviewed and endorsed the 2023 salary budget and 2022 annual bonus for approval by the Board;
- reviewed and approved the grant of share options and/or share awards under the Company's share option scheme and share award scheme, having regard to the performance and contributions of the relevant Directors and management members. The Remuneration Committee was of the view that the said grant would be an appropriate incentive to motivate the Directors and management for a long/medium term commitment to the Company, as well as to provide them with an opportunity to acquire proprietary interests in the Company and to encourage them to work towards enhancing the value of the Company; and
- reviewed the Remuneration Committee's effectiveness in discharging its role and responsibilities and its terms of reference 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 Yan Hok, an INED. Its terms of reference set out clearly its authorities and duties. The terms of reference include specific authorities and duties set out in paragraph B.3.2 of the First Pacific Code.

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 58 of this Annual Report. Major work performed by the Nomination Committee during the year was as follows:

- reviewed the composition, size and structure of the existing Board/Board Committees having regard to (i) the expertise, time commitment, skills and experience of the members; and (ii) the Board Diversity Policy;
- reviewed and recommended for approval by the Board the updated Board Diversity Policy and the numerical target for gender diversity to the Board pursuant to the amended CG Code;
- assessed the independence of each of the INEDs (details of which are set out in the section headed "Appointment and Re-election of Directors" on pages 60 and 61 of this Annual Report);
- nominated the retiring Directors to stand for re-election at the 2022 AGM; reviewed the list of directors who will retire by rotation at the 2023 AGM;
- considered succession planning arrangements for the Board and senior management; 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 Ko May Yee, an INED. Its terms of reference set out clearly its authorities and duties. The terms of reference include the specific authorities and duties set out in paragraphs D.3.3(a) to (e) of the First Pacific Code.

During the year, the Corporate Governance Committee held three meetings. The attendance record of each committee member is shown in the section headed "Attendance Records" on page 58 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 CG Code 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 2021 ESG report and reviewed the proposed plan for 2022 ESG reporting;
- considered the results of the Board evaluation exercise for FY2021 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 2022 ESG reporting, in response to increased demands from major asset owners, institutional asset managers and regulators;
- considered setting formal ESG targets for 2022–2023;
- reviewed the ESG risks as identified by the Audit and Risk Management Committee;
- considered and reviewed the amendments to the Code of Conduct and various policies of the Company;
- approved the adoption of the Company's Cybersecurity Policy;
- considered the proposals for 2022 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 Ko May Yee, an INED. Its terms of reference set out clearly 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 58 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 plans and key strategic priorities of the Company and its major investee companies;
- reviewed and discussed the Company's distribution policy;
- reviewed and considered the Group's M&A and strategic initiatives;
- reviewed and discussed the Company's share repurchase program;
- reviewed the Company's cash flow projections and liability management/debt refinancing plans; and
- reviewed the Company's 2023 budget.

Ad Hoc Selection Committee

The Ad Hoc Selection Committee is currently comprised of a majority of INEDs, and chaired by Mr. Philip Fan Yan Hok, an INED. Its terms of reference set out clearly its authorities and duties.

Following the appointments of Mr. Axton Salim and Mr. Blair Chilton Pickerell as 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 SFO, 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.

Distribution Policy

The policy on distributions is determined and reviewed by the Finance Committee and the Board from time to time. Barring unforeseen circumstances, it is the Company's plan to broadly maintain sustainable overall distribution of up to 25% of the Group's recurring profit every year, taking into account the dividend and fee income from the investee companies. The exact distribution level will be determined by a number of factors including the economic conditions in the Group's markets, the Group's operating and financial performance, investment opportunities, and Head Office finances.

The distributions are paid to our shareholders twice a year through one interim distribution in respect of the six months ended 30 June and a final distribution in respect of the full year ended 31 December. Details of the distribution payment in respect of the current financial year, including the distribution payment date, 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 Companies Ordinance (Chapter 622 of the Laws of Hong Kong) 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	2022	2021
Auditor's remuneration		
– Audit services	**4.5**	4.7
– Non-audit services(i)	**0.7**	0.7
Total	**5.2**	5.4

(i) Pertained to 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. The Company Secretary is also responsible for ensuring that Board procedures are followed and applicable rules and regulations are complied with, facilitating communications among Directors as well as with shareholders and management and induction of new Directors and Directors' professional training.

The Company Secretary's biography is set out on page 47 of this Annual Report. During 2022, the Company Secretary has fulfilled applicable professional training requirements.

Constitutional Documents

At the Company's 2022 AGM, with the shareholders' approval given by way of special resolutions, certain amendments were made to the Company's memorandum of association and Bye-laws. Key amendments were made to the Company's Bye-laws to enable it to, in combination with the applicable laws, rules and regulations of the Company's place of incorporation, conform to the core shareholder protection standards set forth in Appendix 3 of the Listing Rules and incorporate certain minor housekeeping amendments. The latest memorandum of association and Bye-laws of the Company are available on the SEHK's website (www.hkexnews.hk) and the Company's website (www.firstpacific.com).

Shareholders Engagement

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, published announcements, shareholders' circulars, shareholder meetings and press releases. 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. 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.

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

Other than the 2022 AGM, the Company convened a SGM on 9 December 2022 to solicit independent shareholders' approval of the renewal of continuing connected transactions relating to Indofood Group's various businesses and their respective new annual caps for 2023, 2024 and 2025.

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 is conducted by poll.

At the 2022 AGM and SGM, the chairman of the respective meeting 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 branch registrar in Hong Kong, was engaged as scrutineer to ensure the votes were properly counted.

Shareholders' Communication Policy

The Company places considerable importance in ensuring reliable, effective and timely communications with shareholders and other stakeholders of the Company. The Company has put in place a Shareholders' Communication Policy (the "Shareholders' Communication Policy") which sets out the Company's principle of maintaining an effective ongoing dialogue with shareholders and different means of two-way communication between the Company and shareholders. The policy is reviewed by the Board on an annual basis to ensure its implementation and effectiveness and is available on the Company's website.

During the year, the Board undertook review on and approved certain minor enhancements made to the Shareholders' Communication Policy to align with the amended CG Code and the effectiveness of the said policy was confirmed considering multiple channels were in place and adopted to reflect the current best practice in communications and engagement with shareholders and other stakeholders.

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 office (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 approved the disclosure of those transactions in the form of published announcements and/or circular:

- 14 October 2022 announcement: following the Company's previous announcements dated 5 November 2019 and 15 October 2020, and the Company's circular dated 29 November 2019 in relation to certain continuing connected transactions relating to the Indofood Group, the Company announced that: (a) the renewal of certain existing continuing connected transactions with members of the Indofood Group effective from 1 January 2023, immediately following their expiry on 31 December 2022, in respect of the Indofood Group's plantations business, distribution business, flour business, noodles business, insurance policies, beverages business, dairy business, the revolving loan facility provided to connected subsidiaries of the Company relating to the Indofood Group's plantations business, customer relationship management, packaging business, property business and snack foods business, and their respective annual caps for 2023, 2024 and 2025; (b) the revised annual caps for 2022 in respect of certain continuing connected transactions of the Indofood Group's flour and property businesses; (c) new continuing connected transactions (and the relevant framework agreement to be entered into in relation to it) by a member of the Indofood Group in relation to the Indofood Group's plantation and dairy businesses and their respective annual caps for 2023, 2024 and 2025; and (d) the renewal of existing continuing connected transactions effective from 1 January 2023 in relation to distribution business transactions of the Indofood Group with substantial shareholders of Indofood's subsidiaries and their respective annual caps for 2023, 2024 and 2025.

The renewal of the continuing connected transactions and the proposed new continuing connected transactions, each relating to the Indofood Group's plantations business, distribution business and flour business and their respective proposed aggregated annual caps for 2023, 2024 and 2025 are subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. However, the renewal of the continuing connected transactions relating to the Indofood Group's noodles business, insurance policies, beverages business, dairy business, loan facility under the Revolving Loan Agreement, customer relationship management, packaging business, property business and snack foods business, and the proposed aggregated annual caps for 2023, 2024 and 2025 are subject to the reporting and announcement requirements, but not the independent shareholders' approval requirements, under Chapter 14A of the Listing Rules.

- 24 November 2022 circular: following the Company's announcement dated 14 October 2022, the Company despatched to its shareholders a circular containing, among other things, (i) further information on certain continuing connected transactions relating to the Indofood Group's plantations, distribution and flour businesses and their respective annual caps for 2023, 2024 and 2025; (ii) the recommendation of the Independent Board Committee in respect of the terms of the said transactions and their respective annual caps and as to how the independent shareholders should vote at the SGM; (iii) the advice of the Independent Financial Adviser in respect of the terms of the said transactions and their respective annual caps and as to how the independent shareholders should vote at the SGM; (iv) the notice of the SGM; and (v) other information as required to be disclosed under the Listing Rules.

  At the Company's SGM held on 9 December 2022, the independent shareholders approved the continuing connected transactions relating to the Indofood Group's plantation, distribution and flour businesses and their respective annual caps for 2023, 2024 and 2025.

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: 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 2022 (US$ million)
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 2022 (US$ million)
ISM/ICBP	Pinehill Arabia Food Limited ("PAFL"), 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 PAFL	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	15.9

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

Parties to the agreement/arrangement			Period covered by the agreement/arrangement		Transaction amount for the year ended 31 December 2022 (US$ million)
Name of entity of the group	Name of connected party and relationship between the parties	Nature of agreement/arrangement	From	To	
ISM and its subsidiaries	PT Indomobil Sukses Internasional Tbk ("Indomobil") and its subsidiaries, an associate of Mr. Salim	Indomobil and its subsidiaries sell and rent vehicles, provide vehicle services and sell spare parts to ISM and its subsidiaries	1 January 2020	31 December 2022	1.8
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	6.6
Aggregated transaction amount					**24.3**

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			Period covered by the agreement/arrangement		Transaction amount for the year ended 31 December 2022 (US$ million)
Name of entity of the group	Name of connected party and relationship between the parties	Nature of agreement/arrangement	From	To	
PT Salim Ivomas Pratama Tbk ("SIMP") and its subsidiaries	PT Sarana Tempa Perkasa ("STP"), an associate of Mr. Salim	STP provides pumping services to SIMP and its subsidiaries to load crude palm oil and other derivative products to vessels	1 January 2020	31 December 2022	0.6
SIMP and its subsidiaries	PT Cipta Subur Nusa Jaya ("CSNJ"), an associate of Mr. Salim	SIMP and its subsidiaries rents infrastructure from CSNJ, and vice versa	1 January 2020	31 December 2022	0.0
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	0.8

B. Transactions relating to the Plantations 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 2022 (US$ million)
SIMP and its subsidiaries	IndoInternational Green Energy Resources Pte. Ltd. and its subsidiaries ("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	58.3
ISM and its subsidiaries	Indomobil and its subsidiaries, an associate of Mr. Salim	Indomobil and its subsidiaries sell and rent vehicles, provide vehicle services and sell spare parts to ISM and its subsidiaries	1 January 2020	31 December 2022	5.1
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	84.8
SIMP	PT Nippon Indosari Corpindo Tbk ("NIC"), an associate of Mr. Salim	SIMP sells margarine to NIC	1 January 2020	31 December 2022	2.3
ISM	PT 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	36.6
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	27.9
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					**217.3**

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

Parties to the agreement/arrangement: Name of entity of the group	Parties to the agreement/arrangement: Name of connected party and relationship between the parties	Nature of agreement/arrangement	Period covered by the agreement/arrangement: From	Period covered by the agreement/arrangement: To	Transaction amount for the year ended 31 December 2022 (US$ million)
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	28.2
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	1.9
PT Putri Daya Usahatama ("PDU")	LS, an associate of Mr. Salim	PDU distributes various consumer products to LS	1 January 2020	31 December 2022	1.5
ISM and its subsidiaries	Indomobil and its subsidiaries, an associate of Mr. Salim	Indomobil and its subsidiaries sell and rent vehicles, sell spare parts and provide vehicle services to ISM and its subsidiaries	1 January 2020	31 December 2022	3.7
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	16.2
IAP	Indomaret, an associate of Mr. Salim	IAP sells finished goods to Indomaret	1 January 2020	31 December 2022	208.7
IAP	Indogrosir, an associate of Mr. Salim	IAP sells finished goods to Indogrosir	1 January 2020	31 December 2022	96.9
PDU	Indomaret, an associate of Mr. Salim	PDU sells finished goods to Indomaret	1 January 2020	31 December 2022	9.2
PDU	Indogrosir, an associate of Mr. Salim	PDU sells finished goods to Indogrosir	1 January 2020	31 December 2022	5.5
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	0.2
IAP	LPI, an associate of Mr. Salim	IAP buys sugar from LPI	1 January 2020	31 December 2022	2.0

C. Transactions relating to the Distribution 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 2022 (US$ million)
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	1.4
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					**376.0**

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 2022 (US$ million)
ISM-Bogasari Division ("Bogasari")	NIC, an associate of Mr. Salim	Bogasari sells flour to NIC	1 January 2020	31 December 2022	26.0
Bogasari	FFI, an associate of Mr. Salim	Bogasari sells spaghetti and flour to FFI	1 January 2020	31 December 2022	0.7
ISM and its subsidiaries	PT 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	10.1
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	5.8
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	2.6
Bogasari	Indogrosir, an associate of Mr. Salim	Bogasari sells finished goods to Indogrosir	1 January 2020	31 December 2022	14.4

D. Transactions relating to the Flour Business of the Indofood Group (continued)

Parties to the agreement/arrangement: Name of entity of the group	Name of connected party and relationship between the parties	Nature of agreement/arrangement	Period covered by the agreement/arrangement: From	To	Transaction amount for the year ended 31 December 2022 (US$ million)
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	8.4
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. and its subsidiaries (including Eastern Pearl Flour Mills ("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	1.3
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	0.5
Aggregated transaction amount					**69.9**

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

Parties to the agreement/arrangement: Name of entity of the group	Name of connected party and relationship between the parties	Nature of agreement/arrangement	Period covered by the agreement/arrangement: From	To	Transaction amount for the year ended 31 December 2022 (US$ million)
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	6.4
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	0.3
Aggregated transaction amount					**9.8**

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

Parties to the agreement/arrangement: Name of entity of the group	Parties to the agreement/arrangement: Name of connected party and relationship between the parties	Nature of agreement/arrangement	Period covered by the agreement/arrangement: From	Period covered by the agreement/arrangement: To	Transaction amount for the year ended 31 December 2022 (US$ million)
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	1.5
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	0.7
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					**2.2**

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 2022 (US$ million)
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	1.7
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	0.8
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	0.6
Indolakto	FFI, an associate of Mr. Salim	Indolakto sells finished goods to FFI	1 January 2020	31 December 2022	–
Aggregated transaction amount					**4.2**

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 2022 (US$ million)
SIMP	IGER Group, an associate of Mr. Salim	SIMP provides a revolving loan facility to IGER Group	1 January 2020	31 December 2022	39.3
Aggregated transaction amount					**39.3**

I. Transactions relating to the Customer Relationship Management 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 2022 (US$ million)
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	0.6
ISM and its subsidiaries	PT Popbox Asia Services (“Popbox Asia”), an associate of Mr. Salim	ISM and its subsidiaries brand on Popbox Asia’s lockers	1 January 2020	31 December 2022	0.1
Aggregated transaction amount					**1.0**

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

Parties to the agreement/arrangement: Name of entity of the group	Parties to the agreement/arrangement: Name of connected party and relationship between the parties	Nature of agreement/arrangement	Period covered by the agreement/arrangement: From	Period covered by the agreement/arrangement: To	Transaction amount for the year ended 31 December 2022 (US$ million)
PT Surya Rengo Containers (“SRC”)	FFI, an associate of Mr. Salim	SRC sells carton box packaging to FFI	1 January 2020	31 December 2022	–
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	0.8
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

J. Transactions relating to the Packaging Business of the Indofood Group (continued)

Parties to the agreement/arrangement: Name of entity of the group	Name of connected party and relationship between the parties	Nature of agreement/arrangement	Period covered by the agreement/arrangement: From	To	Transaction amount for the year ended 31 December 2022 (US$ million)
ICBP	NIC, an associate of Mr. Salim	ICBP sell packaging materials to NIC	1 January 2020	31 December 2022	0.0
ICBP	Indomaret and its subsidiaries, an associate of Mr. Salim	ICBP sell packaging materials to Indomaret and its subsidiaries	1 January 2020	31 December 2022	–
ICBP	LPI, an associate of Mr. Salim	ICBP sell packaging materials to LPI	1 January 2020	31 December 2022	–
Aggregated transaction amount					**2.0**

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

Parties to the agreement/arrangement: Name of entity of the group	Name of connected party and relationship between the parties	Nature of agreement/arrangement	Period covered by the agreement/arrangement: From	To	Transaction amount for the year ended 31 December 2022 (US$ million)
PT Aston Inti Makmur ("AIM")	Indomaret, an associate of Mr. Salim	Indomaret rents space from AIM	1 January 2020	31 December 2022	0.0
AIM	PT Central Asia Financial, an associate of Mr. Salim	PT Central Asia Financial rents space from AIM	1 January 2020	31 December 2022	0.0
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	0.2
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 Perdana, an associate of Mr. Salim	Bank INA Perdana rents space from AIM	1 January 2020	31 December 2022	0.6
Aggregated transaction amount					**1.0**

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

Parties to the agreement/arrangement			Period covered by the agreement/arrangement		Transaction amount for the year ended 31 December 2022 (US$ million)
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	1.6
Aggregated transaction amount					**1.6**

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 2022 (US$ million)
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	0.0
Aggregated transaction amount					**0.0**

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 for the year ended 31 December 2022 (US$ million)
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	Said Bawazir Trading Corp ("SBTC"), a substantial shareholder of Indofood Group	ISM and its subsidiaries sell noodle products to SBTC	1 January 2020	31 December 2022*	257.7
ISM and its subsidiaries	Tasali Jordan Trading Institute ("TJTI"), an affiliate of SBTC	ISM and its subsidiaries sell noodle products to TJTI	1 January 2020	31 December 2022*	34.3
Aggregated transaction amount					**292.0**

* 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 Water Services, Inc. ("Maynilad") and DMCI Holdings, Inc., which are required to be specified by Rule 14A.49 of the Listing Rules are set out below:

Parties to the agreement/arrangement			
Name of entity of the group	Name of connected party and relationship between the parties	Nature of agreement/arrangement	Transaction amount for the year ended 31 December 2022 (US$ million)
Maynilad	D.M. Consunji, Inc. ("DMCI"), a subsidiary of DMCI Holdings, Inc.	2022 Pipelaying of 1800mm waterline and 450mm sewerline along Amparo St. and Rizal St., Poblacion, Muntinlupa City	14.3
Aggregated transaction amount			**14.3**

In respect of the financial year ended 31 December 2022, 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 the 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 2022, 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 their risk management and internal control systems and that there was no significant area of concern to be disclosed.

The key controls and risk management measures undertaken by the investee companies for the year ended 31 December 2022 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. Top ten risks identified during the year are set out below:

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 NED 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 a significant portion of 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 companies' Board meetings, the Company can regularly review their performance, raise areas of concerns and propose solution/suggestion for improvement. The Company also maintained an excellent 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 2022, listed in no particular order of criticality, together with key mitigation initiatives that have been executed in response to the risks identified are as follows:

Top risks identified	Key mitigation initiatives include
(i) Prolonged pandemic (ii) Climate and geographic related risks (iii) Competition risks (iv) Political and economic risks (v) Inability to successfully execute critical transformation programs (vi) Workplace and talent risks (vii) Customer experience risks (viii) Cybersecurity and data privacy risks (ix) Sustainability risks (x) Supply chain risks	■ Implementation of COVID-19 prevention measures, including a vaccination program for employees and dependents ■ Implementation of business contingency plans and taking out appropriate insurance coverage ■ Risk assessment and necessary reform ■ Stakeholder engagement and compliance with applicable regulatory requirements ■ Strengthening of governance practice ■ Training and human resources management ■ Customer needs assessment ■ Incident management protocol and risk assessment ■ Continued assessment

- 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 and key mitigation initiatives taken by Indofood are set out as follows:

Top risks identified	Key mitigation initiatives include
(i) Uncertainty of global economic condition	■ Cost saving measures and monitoring of macro environment
(ii) Raw material and supply chain risk	■ Monitor price fluctuation; search of alternative supply sources; stock management
(iii) Food safety and quality risk	■ Quality control and compliance with standard operating procedures
(iv) Health and safety risk	■ Compliance with applicable government regulations; regular monitoring and audit of health and safety compliance; regular socialisation and safety patrol inspection in operational area
(v) Talent and people risk	■ Training, rotation program and succession plan
(vi) Cybersecurity and information system risk	■ Limits access/authorization rights on needs basis; robust password protection; periodic system security assessment; training; use of company-owned cloud storage; data back-up; regular testing of disaster recovery and maintenance of data centers
(vii) Pandemic risk	■ Preventive health procedures; compliance with applicable government regulations and guidelines; expansion of e-commerce platform
(viii) Competition risk	■ Marketing; brand building with flexible payment terms and customer reward programs; expansion of e-commerce platform; business and product development efforts; marketing survey
(ix) Environmental risk	■ Compliance with applicable government regulations; training; energy management; waste monitoring; community development program
(x) Publicity and reputation risk	■ Media monitoring; responsive customer call line; contingency communication policy; use of verified social media accounts for announcements

- 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 2022, covering all material strategic, financial operational and compliance risks.

  Specific key risks identified by the MPIC Group and approved by the RMC and key mitigation initiatives are as follows:

Key risks identified	Key mitigation initiatives include
(i) Fuel prices, foreign exchange, interest rate and liquidity (ii) Regulatory and political (iii) Climate change and related issues (iv) Value realization (v) Operational execution of investee companies (vi) Business transformation (vii) Cybersecurity (viii) Business development (ix) Human capital (x) Competition	■ Regularly reviews and updates its cashflow projections, scenario planning and analysis; monitoring performance of investee companies to form strategy ■ Partnership with private sectors to raise funding for sustainability programs; proactively engagement with investors and ESG rating agencies on active initiatives ■ Strengthens carbon off-setting and environmental stewardship initiatives; use of clean technologies in coal operations; increases investment in more efficient water cleaning technology to sustain filtration capacity when turbidity in lake water is high ■ Carries out rehabilitation and replacement of pipelines and installation of flow meters ■ Continues to work with the government to explore new water sources ■ Effective due diligence; financial planning and cashflows management ■ Monitoring key performance indicators and general oversight of investee companies ■ Market benchmarking; exploration of new business models; business contingency plan; customer experience focus and financial planning and analysis ■ Formed the IT/Cybersecurity and Data Privacy Committee ■ Enhancement of cybersecurity processes across the group and appointment of an MPIC Cybersecurity Group Head ■ Strengthening IT organization and governance, internal control to combat online fraud; compliance with applicable laws and regulations ■ Continued business strategy discussions; exploration opportunities in emerging markets ■ Re-visits internal controls on processes affected by re-organization; talent attraction and retention strategy and succession planning ■ Physical and mental health checks programs ■ Enter into supply contract with new customers that have sufficient length and terms that will support investments in the business ■ Appoints management teams in businesses acquired who have expertise in MPIC's 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 three 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 2022 and key mitigation initiatives are summarized as follows:

Key risks identified	Key mitigation initiatives include
(i) Inability to run the generation units at desired capacity to fulfill commercial commitment (ii) Significant changes in regulations (iii) High attrition of personnel, in particular mid-management level with domain knowledge (iv) Business interruptions which may affect staff attendance and/or safety of staff compromised (v) Unable to export electricity due to external factors (vi) Rising interest rate (vii) Cybersecurity attack (viii) Requirement of SBLC/BG which may exceed current limit provided by lenders (ix) Non-compliance of terms to financing documents (including financial covenants and non-payment of principal and interest) (x) Effective hedged fuel cost higher than the fuel price and foreign exchange rate used in securing retail contracts	■ Reviews its Asset Management Plan and critical spares/stock level ■ Initiates replacement of system/equipment which are becoming obsolete ■ Root Cause Analysis ■ Ensures backup fuel systems are available ■ Participation in the Industry Association discussions to lobby against introduction of unfavourable regulations ■ Reviews compensation and benefits on an annual basis to ensure their competitiveness within the industry ■ Business interruption insurance in place to mitigate losses ■ Pandemic Readiness and Response Plan ■ Annual Business Continuity Plan ■ Stakeholder engagement to minimise the shutdown impact ■ Cash management strategies ■ Compliance with law; annual penetration test and vulnerability assessment; Cybersecurity Incident and Data Breach Incident Response Plan ■ Bi-annual assessment of the SBLC/BG limits ■ Monitors market conditions and forecast requirement ■ Verification of key terms before customer contract finalization ■ Maintaining communication between retail and fuel management in the confirmation process of fixed price retail contract to mitigate against volatile fuel price and exchange rate

- 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 types of risks identified together with the key mitigation initiatives are summarized below:

Type(s) of risks	Key mitigation initiatives include
(i) Financial and operational (ii) Financial (iii) Regulatory	■ Negotiation with other retail electricity sellers and considers short term retail supply contracts ■ Revisit and implementing programs to reduce power consumption and cushion impact of rate increase ■ Revisit power utilisation ■ Monitoring and management strategy ■ Funding analysis and management ■ Continued ongoing search of strategic investors ■ Reassessment of priority works to align with availability of funds ■ Compliance with regulations

- 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 to ensure accuracy of risk assessment reports and proper implementation of the reported risk mitigation strategies and controls.

During the year ended 31 December 2022, 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 competition for talent. Salary adjustments are based on effective management of the Company and on increased responsibility, with consideration of expected economic conditions, cost of living and pay expectations in the market. Benefits principally comprise housing allowance, professional 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 largely correlate with annual recurring profit achievements. Individual staff performance and ESG factors are also taken into account. 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, and 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 general meetings of shareholders. As for the Company's NEDs (including the INEDs), they are paid the sum of US$7,000 (equivalent to approximately HK$54,600) for each meeting of the Board (which he or she shall attend in person or by telephone or video conference call) and each general meeting of shareholders (which he or she shall attend in person); and the sum of US$6,000 (equivalent to approximately HK$46,800) for each meeting of Board Committees (which he or she shall attend in person or by telephone or video conference call).

Given advancement of technology and the SEHK's encouragement of the use of technology (e.g. video conference, virtual meetings) to enable non-physical attendance and voting at general meeting, a proposal to pay the applicable Directors' fee to those Directors who attend general meetings of shareholders via electronic means (i.e. by telephone or video conference call) will be put forward for shareholders' approval at the 2023 AGM.

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

Analysis of the Group's 2022 reported results and comparison with 2021.

For the year ended 31 December US$ millions	2022	2021	% change
Turnover	**10,304.9**	9,103.2	+13.2
Gross profit	**3,056.5**	2,828.0	+8.1
Operating expenses	**(1,288.6)**	(1,403.1)	-8.2
Other operating income and expenses	**(239.5)**	(274.3)	-12.7
Net finance costs	**(421.1)**	(435.7)	-3.4
Share of profits less losses of associated companies and joint ventures	**265.6**	373.9	-29.0
Taxation	**(323.3)**	(281.9)	+14.7
Profit for the year from a discontinued operation	**–**	88.8	-100.0
Non-controlling interests	**(658.0)**	(562.4)	+17.0
Profit attributable to owners of the parent	**391.6**	333.3	+17.5
Recurring profit	**508.8**	426.5	+19.3

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

Turnover – increased by 13.2%, mainly reflecting the increases in Indofood revenue (increased by 11.6% in rupiah terms), PLP's revenues (increased by 50.0% in S$ terms) and MPIC's revenues (increased by 16.8% in peso terms), partly offset by the impact of the depreciation in the average rupiah, S$ and peso exchange rates against the U.S. dollar of 3.8%, 2.5% and 9.4%, respectively. The increase in Indofood's revenue mainly reflects higher average selling price of all major products, especially CPO. The increase in PLP's revenue mainly reflecting higher average electricity selling price as a result of high oil prices. The increase in MPIC's revenue mainly reflects higher traffic volumes and toll rate increases from its Toll Roads business.

Gross profit – increased by 8.1%, mainly reflecting the increase in gross profits at Indofood, PLP, and MPIC, partly offset by the impact of the depreciation in the average rupiah, S$ and peso exchange rates against the U.S. dollar. The decrease in gross profit margin (2022: 29.7% vs 2021: 31.1%) mainly reflects the significant increase in Indofood's raw material costs, partly offset by higher selling prices.

Operating expenses – decreased by 8.2%, mainly reflecting the impact of the depreciation in the average rupiah, peso and S$ exchange rates against the U.S. dollar, partly offset by the increase of selling and distribution expenses at Indofood and PLP.

Other operating income and expenses – decreased by 12.7%, mainly reflecting the reversal of impairment losses on PLP's property, plant and equipment and MPIC's gains on step acquisition of Landco, partly offset by higher foreign exchange and derivative losses.

Net finance costs – decreased by 3.4%, mainly reflecting the impact of the depreciation in the average rupiah and peso exchange rates against the U.S. dollar, partly offset by higher finance costs at Head Office on higher interest rates, and on higher average debt balance at MPIC for financing acquisitions during the year.

Share of profits less losses of associated companies and joint ventures – decreased by 29.0%, mainly reflecting lower profit contributions from PLDT and Philex.

Taxation – increased by 14.7%, mainly reflecting higher operating profits at Indofood and MPIC, and the absence of a tax credit in relation to the reduction of the corporate income tax rate in the Philippines to 25% from 30% following the implementation of the Corporate Recovery and Tax Incentives for Enterprises ("CREATE") law in March 2021.

Profit for the year from a discontinued operation – The amount in 2021 represented the net profit of GBPC which was classified as a discontinued operation in December 2020 until the completion of the transfer of 56% interest in GBPC by MPIC to Meralco on 31 March 2021.

Non-controlling interests – increased by 17.0%, mainly attributable to higher profits at Indofood and MPIC shared by its non-controlling shareholders.

Profit attributable to owners of the parent – increased by 17.5%, mainly reflecting a higher recurring profit and lower non-recurring losses, partly offset by higher foreign exchange and derivative losses.

Recurring profit – increased by 19.3%, mainly reflecting higher recurring profit contributions from PLP, Indofood, and MPIC.

Analysis of Consolidated Statement of Financial Position

Analysis of the Group's consolidated statement of financial position at 31 December 2022 compared with 31 December 2021's follows.

At 31 December US$ millions	2022	2021	% change
Property, plant and equipment	**3,758.6**	3,953.0	-4.9
Associated companies and joint ventures	**5,316.2**	5,266.2	+0.9
Goodwill	**3,893.1**	4,299.0	-9.4
Other intangible assets	**6,033.7**	6,040.6	-0.1
Cash and cash equivalents(i)	**2,729.1**	3,262.9	-16.4
Other assets	**3,761.1**	3,745.0	+0.4
Total Assets	**25,491.8**	26,566.7	-4.0
Borrowings	**11,222.3**	11,128.4	+0.8
Other liabilities	**3,903.7**	4,825.2	-19.1
Total Liabilities	**15,126.0**	15,953.6	-5.2
Net Assets	**10,365.8**	10,613.1	-2.3
Equity attributable to owners of the parent	**3,296.5**	3,298.6	-0.1
Non-controlling interests	**7,069.3**	7,314.5	-3.4
Total Equity	**10,365.8**	10,613.1	-2.3

(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 4.9%, mainly reflecting depreciation, and the depreciation of the closing exchange rates of the rupiah and peso against the U.S. dollar of 9.3% and 8.5%, respectively, partly offset by capital expenditure incurred by Indofood and MPIC, Indofood's investments in newly planted area and maintenance of immature plantations, and a net reversal of impairment provisions made during the year.

Associated companies and joint ventures – increased by 0.9%, mainly reflecting MPIC's acquisitions of a 40% interest in JJC in December 2022 and additional 2% interest in Meralco in August 2022, and the Group's share of net profits from PLDT, Meralco and Philex, offset by a retranslation effect and dividends declared by associated companies.

Goodwill – decreased by 9.4%, mainly reflecting the depreciation of the closing exchange rate of the rupiah against the U.S. dollar.

Other intangible assets – decreased by 0.1%, mainly reflecting the depreciation of the closing exchange rate of the peso against the U.S. dollar, amortization, and impairment provisions for MPIC's rail and water concession assets made during the year, offset by MPIC's capital expenditure for its toll roads, water distribution, and rail concession assets.

Cash and cash equivalents – decreased by 16.4%, mainly reflecting the Group's payments for capital expenditure, investments, distributions/dividends to shareholders of the Company and non-controlling shareholders of its subsidiary companies, Indofood's payment for retention amount payable in respect of the acquisition of Pinehill, repurchases of shares by MPIC and the Company, and the depreciation of the closing exchange rates of the rupiah and peso against the U.S. dollar, partly offset by operating cash inflows from Indofood, MPIC, and PLP, net proceeds from MPIC's new borrowings, dividends from associated companies, and MPIC's receipt of the remaining 20% outstanding consideration receivable from the transfer of 56% interest in GBPC to Meralco.

Other assets – comprising accounts receivable, other receivables and prepayments, inventories, other non-current assets, financial assets at fair value through other comprehensive income, deferred tax assets, biological assets, investment properties, and assets classified as held for sale, increased by 0.4%, mainly reflecting the increase in inventories (higher raw material costs and commodity prices) and MPIC's step acquisition of Landco, offset by the depreciation of the closing exchange rates of the rupiah and peso against the U.S. dollar.

Borrowings – increased by 0.8%, mainly reflecting MPIC's net new borrowings for financing its capital expenditure and investments, offset by the depreciation of the closing exchange rates of the rupiah and peso against the U.S. dollar, and PLP's net repayment of borrowings.

Other liabilities – comprising accounts payable, other payables and accruals, deferred liabilities, provisions and payables, deferred tax liabilities and provision for taxation, decreased by 19.1%, mainly reflecting Indofood's payment for retention amount payable in respect of the acquisition of Pinehill, capitalization of loan from a non-controlling shareholder, and the depreciation of the closing exchange rates of the rupiah and peso against the U.S. dollar.

Equity attributable to owners of the parent – decreased by 0.1%, mainly reflecting the Group's net profit for 2022 (US$391.6 million), partly offset by an unfavorable movement in the Group's exchange reserve (mainly reflecting the depreciation of the closing exchange rates of the rupiah and peso against the U.S. dollar), and the Company's payments for 2021 final distribution (US$54.3 million), 2022 interim distribution (US$56.9 million), and repurchase of shares (US$14.5 million).

Non-controlling interests – decreased by 3.4%, mainly reflecting the depreciation of the closing exchange rates of the rupiah and peso against the U.S. dollar, dividends declared to non-controlling shareholders by Indofood, MPIC, PLP and their subsidiary companies, and the Group's increase in its effective interest in MPIC following repurchases of shares by MPIC, partly offset by the share of profits by non-controlling shareholders and capitalization of loan from a non-controlling shareholder.

Liquidity and Financial Resources

Analysis of Consolidated Statement of Cash Flows

Analysis of the Group's 2022 consolidated statement of cash flows compared with 2021's follows.

For the year ended 31 December US$ millions	2022	2021	% change
Operating Activities			
Net cash flows from operating activities	**1,424.0**	1,245.9	+14.3
Investing Activities			
Dividends received	**304.9**	243.4	+25.3
Net capital expenditure	**(1,084.9)**	(1,099.3)	-1.3
Disposals, acquisitions and investments	**(1,228.3)**	125.4	–
Financing Activities			
Net new borrowings	**628.5**	807.9	-22.2
Dividends/distributions paid	**(425.3)**	(379.1)	+12.2
Other financing cash flows	**(127.9)**	(123.4)	+3.6
Net (Decrease)/Increase in Cash and Cash Equivalents	**(509.0)**	820.8	–
Cash and cash equivalents at 1 January(i)	**3,116.9**	2,363.2	+31.9
Exchange translation	**(150.1)**	(67.1)	+123.7
Cash and Cash Equivalents at 31 December(i)	**2,457.8**	3,116.9	-21.1

(i) Includes short-term deposits, but excludes short-term deposits with original maturity of more than three months

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

Net cash flows from operating activities – increased by 14.3%, mainly reflecting the increases in operating cash inflows at PLP from high electricity selling price and sales volumes, partly offset by the depreciation in the average rupiah and peso exchange rates against the U.S. dollar.

Dividends received – increased by 25.3%, mainly reflecting an increase in dividend income from Meralco and special dividend from PLDT.

Net capital expenditure – decreased by 1.3%, mainly reflecting the impact of the depreciation in the average rupiah, peso and S$ exchange rate against the U.S. dollar, partly offset by a higher capital expenditure on service concession assets at MPIC.

Disposals, acquisitions and investments – 2022's net cash outflow principally relates to Indofood's payment for retention amount payable in respect of the acquisition of Pinehill (US$650.0 million), and MPIC's acquisitions of 40% interest in JJC (US$278.1 million) and additional 2% interest in Meralco (US$142.7 million), partly offset by MPIC's receipt of the remaining 20% outstanding consideration receivable from the transfer of 56% interest in GBPC to Meralco in March 2021 (US$79.4 million). 2021's net cash inflow principally related 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 Philippine Coastal Storage & Pipeline Corporation ("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).

Net new borrowings – decreased by 22.2%. 2022's net cash inflow principally relates to net proceeds from borrowings at MPIC (US$837.3 million), partly offset by net repayment of borrowings at PLP (US$199.6 million). 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).

Distributions/dividends paid – increased by 12.2%. The amount represents the payments of 2021 final and 2022 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 PLP in 2022.

Other financing cash flows – increased by 3.6%. 2022's net cash outflow mainly relates to MPIC's and the Company's repurchases of shares (US$106.3 million), the Group's settlement of principal portion of lease payments (US$34.0 million), and MPTC's and Maynilad's payment of concession fees payable (US$15.8 million), partly offset by capital contributions from non-controlling shareholders (US$30.2 million). 2021's net cash outflow mainly relates to the Company's and MPIC's repurchases of shares (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 PT Indofood Fortuna Makmur ("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).

Net Debt and Gearing

(A) Head Office Net Debt

The increase in net debt mainly reflects the additional investments, principally in Philex and Voyager, partly offset by the increase in dividend income. The Head Office's borrowings at 31 December 2022 comprise bonds totalling US$706.2 million (with an aggregated face value of US$707.8 million) which are due for redemption in April 2023 (with a face value of US$357.8 million) and September 2027 (with a face value of US$350.0 million), and bank loans totalling US$752.8 million (with a principal amount of US$760.0 million) which are due for repayment between August 2023 and June 2029. As part of the proactive liability management initiatives, Head Office has obtained committed banking facilities to refinance the US$357.8 million outstanding bond due in April 2023.

Changes in Head Office Net Debt

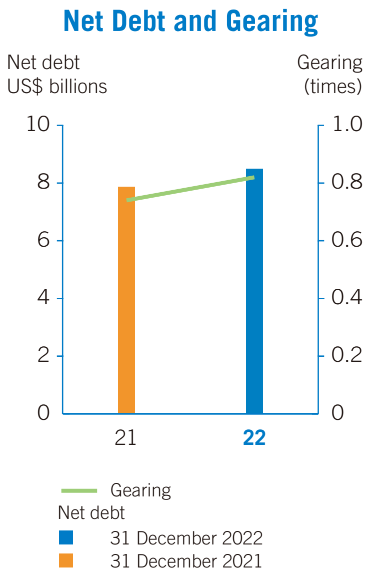
US$ millions	Borrowings	Cash and cash equivalents	Net debt
At 1 January 2022	1,435.2	(113.0)	1,322.2
Movement	23.8	16.4	40.2
At 31 December 2022	**1,459.0**	**(96.6)**	**1,362.4**

Head Office Cash Flow

For the year ended 31 December US$ millions	2022	2021
Dividend and fee income	**225.9**	204.4
Head Office overhead expense	**(18.6)**	(18.6)
Net cash interest expense	**(51.7)**	(49.3)
Tax paid	**(0.1)**	(0.1)
Net Cash Inflow from Operating Activities	**155.5**	136.4
Investments(i)	**(58.2)**	(13.3)
Financing activities		
– Distributions paid	**(111.2)**	(91.7)
– Payments for repurchase of shares	**(14.5)**	(23.8)
– New/(repayment of) borrowings, net	**15.5**	(1.4)
– Others(ii)	**(3.5)**	(4.6)
Net (Decrease)/Increase in Cash and Cash Equivalents	**(16.4)**	1.6
Cash and cash equivalents at 1 January	**113.0**	111.4
Cash and Cash Equivalents at 31 December	**96.6**	113.0

(i) Mainly represents additional investment in Philex through a stock rights offering and the investment in Voyager, an associated company of PLDT, in 2022

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



(B) Group Net Debt and Gearing

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

Consolidated

US$ millions	**Net debt[i] 2022**	**Total equity 2022**	**Gearing (times) 2022**	Net debt[i] 2021	Total equity 2021	Gearing (times) 2021
Head Office	**1,362.4**	**1,139.5**	**1.20x**	1,322.2	1,336.5	0.99x
Indofood	**2,549.7**	**5,834.0**	**0.44x**	2,263.2	5,998.2	0.38x
MPIC	**4,398.8**	**4,276.9**	**1.03x**	3,819.5	4,547.2	0.84x
FPM Power	**103.6**	**285.1**	**0.36x**	378.3	43.4	8.72x
FP Natural Resources	**78.7**	**12.2**	**6.45x**	82.3	29.0	2.84x
Group adjustments[ii]	**–**	**(1,181.9)**	**–**	–	(1,341.2)	–
Total	**8,493.2**	**10,365.8**	**0.82x**	7,865.5	10,613.1	0.74x

Associated Companies

US$ millions	**Net debt[i] 2022**	**Total equity 2022**	**Gearing (times) 2022**	Net debt[i] 2021	Total equity 2021	Gearing (times) 2021
PLDT	**4,023.8**	**2,043.8**	**1.97x**	4,483.3	2,499.3	1.79x
Philex	**64.6**	**553.6**	**0.12x**	142.0	523.5	0.27x

(i) Includes short-term deposits and restricted cash

(ii) Group adjustments mainly represent 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 reflecting the Company's distributions to shareholders and loss for the year.

Indofood's gearing increased because of an increase in its net debt as a result of its payments for retention amount payable for Pinehill acquisition of US$650 million in April 2022, and capital expenditure, despite its operating cash inflow, coupled with a decrease in its equity reflecting the depreciation of the rupiah against U.S. dollar during the year, despite its profit recorded during the year.

MPIC's gearing increased because of an increase in its net debt as a result of payments for capital expenditure, acquisitions of 40% interest in JJC, and additional 2% interest in Meralco, shares repurchases and concession fees, despite operating cash inflow, and the receipts of dividends from Meralco, and remaining 20% consideration in relating to the transfer of 56% interest in GBPC, coupled with a decrease in its equity reflecting the depreciation of the peso against U.S. dollar during the year, despite its profit recorded during the year.

FPM Power's gearing decreased because of a decrease in its net debt as a result of PLP's operating cash inflow, coupled with an increase in its equity reflecting PLP's profit recorded during the year.

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

The Group's gearing increased to 0.82 times because of a higher net debt level mainly as a result of the Group's payments for (i) retention amount payable for Pinehill acquisition, (ii) investments, and (iii) capital expenditure, despite the Group's operating cash inflow, coupled with a decrease in the Group's equity reflecting the depreciation of the rupiah and the peso against U.S. dollar during the year, despite the Group's profit recorded for the year.

PLDT's gearing increased mainly because of a decrease in its total equity reflecting the depreciation of the peso against U.S. dollar during the year, partly offset by a decrease in net debt reflecting the proceeds from its towers sale. Philex's gearing decreased mainly because of a decrease in its net debt reflecting proceeds from stock rights offering and its operating cash inflow.

Maturity Profile

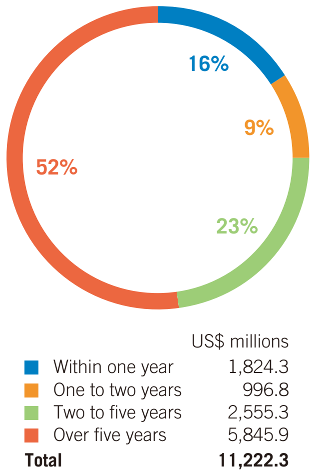
The maturity profile of debt of consolidated and associated companies follows.

Consolidated

	Carrying amounts		Nominal values	
US$ millions	**2022**	2021	**2022**	2021
Within one year	**1,824.3**	1,645.7	**1,828.5**	1,649.8
One to two years	**996.8**	760.5	**1,003.4**	767.9
Two to five years	**2,555.3**	2,481.9	**2,573.3**	2,499.6
Over five years	**5,845.9**	6,240.3	**5,901.3**	6,282.4
Total	**11,222.3**	11,128.4	**11,306.5**	11,199.7

The change in the Group's debt maturity profile from 31 December 2021 to 31 December 2022 mainly reflects a shift in long-term borrowings among the different maturity periods for Head Office, Indofood and MPIC, Indofood's refinancing of Rupiah 2.0 trillion (US$134.1 million) of its bonds matured in May 2022 with new long-term borrowings, PLP's prepayment of S$275.0 million (US$199.6 million) of long-term borrowings, and the Group's net new borrowings.

Maturity Profile of Consolidated Debt 2022

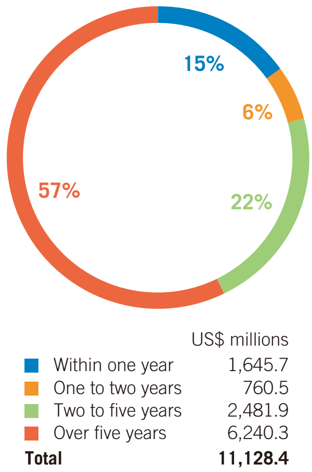


Associated Companies

	PLDT				Philex			
	Carrying amounts		Nominal values		Carrying amounts		Nominal values	
US$ millions	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021
Within one year	**579.1**	225.4	**585.5**	232.4	**29.0**	198.6	**29.0**	202.9
One to two years	**203.2**	540.9	**208.8**	547.7	**–**	–	**–**	–
Two to five years	**1,138.5**	1,034.4	**1,154.8**	1,055.3	**106.0**	–	**114.8**	–
Over five years	**2,555.2**	3,151.4	**2,567.7**	3,172.7	**–**	–	**–**	–
Total	**4,476.0**	4,952.1	**4,516.8**	5,008.1	**135.0**	198.6	**143.8**	202.9

The change in PLDT's debt maturity profile from 31 December 2021 to 31 December 2022 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 due to proceeds from tower sales. The change in Philex's debt maturity profile mainly reflects the partial redemption of the Silangan Mindanao Exploration Co., Inc.'s notes ("SMECI's notes"), and the extension of the maturity date for the remaining SMECI's notes for three years.

Maturity Profile of Consolidated Debt 2021



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.

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.

(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. The Group is also exposed to foreign currency risk inherent in the translation of non-U.S. dollar denominated investments in subsidiary and associated companies. However, the Group 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.

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 2022 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)	18.8	3.46
PLDT	(i)	13.0	2.40
MPIC	(i)	8.1	1.49
Philex	(i)	1.5	0.27
PXP	(i)	0.8	0.14
FP Natural Resources	(ii)	0.1	0.02
Head Office – Other assets	(iii)	1.1	0.21
Total		**43.4**	**7.99**

(i) Based on quoted share prices at 31 December 2022 applied to the Group's economic interests
(ii) Based on quoted share price of RHI at 31 December 2022 applied to the Group's effective economic interest
(iii) Represents the carrying amount of SMECI's notes and the Company's investment in Voyager

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	4,644.4	1,536.3	4,702.2	254.8	84.6	**11,222.3**
Cash and cash equivalents(i)	(958.9)	(856.3)	(804.0)	(48.9)	(61.0)	**(2,729.1)**
Net Debt	3,685.5	680.0	3,898.2	205.9	23.6	**8,493.2**
Representing:						
Head Office	1,372.9	–	(8.3)	–	(2.2)	**1,362.4**
Indofood	2,288.8	296.7	–	10.4	(46.2)	**2,549.7**
MPIC	116.6	383.3	3,826.9	–	72.0	**4,398.8**
FPM Power	(91.9)	–	–	195.5	–	**103.6**
FP Natural Resources	(0.9)	–	79.6	–	–	**78.7**
Net Debt	3,685.5	680.0	3,898.2	205.9	23.6	**8,493.2**

Associated Companies

US$ millions	US$	Peso	**Total**
Net Debt			
PLDT	464.1	3,559.7	**4,023.8**
Philex	29.0	35.6	**64.6**

(i) Includes short-term deposits and restricted cash

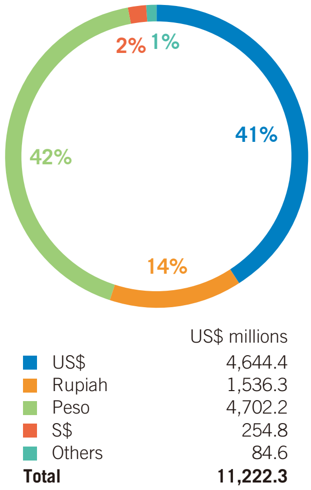
Details of changes in Head Office net debt are set out on page 93.

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 levels.

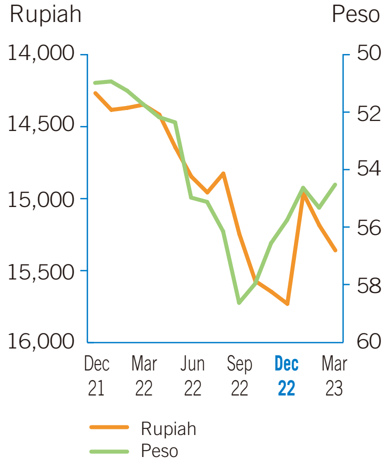
US$ millions	Total US$ exposure	Hedged amount	Unhedged amount	Profit effect of 1% change in currency	**Group net profit effect**
Head Office(i)	1,372.9	–	1,372.9	–	**–**
Indofood	2,288.8	–	2,288.8	22.9	**8.9**
MPIC	116.6	–	116.6	1.2	**0.4**
FPM Power	(91.9)	–	(91.9)	(0.9)	**(0.3)**
FP Natural Resources	(0.9)	–	(0.9)	(0.0)	**(0.0)**
PLDT	464.1	(290.3)	173.8	1.7	**0.3**
Philex	29.0	–	29.0	0.3	**0.1**
Total	4,178.6	(290.3)	3,888.3	25.2	**9.4**

(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.

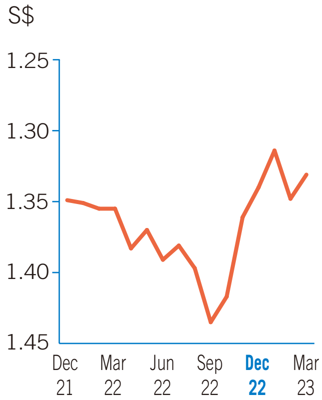
Analysis of Total Borrowings by Currency



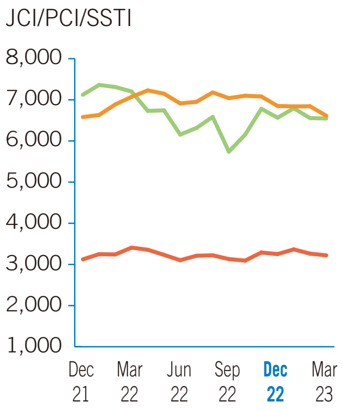
Rupiah and Peso Closing Rates Against the U.S. Dollars



Singapore Dollars Closing Rates Against the U.S. Dollars



Stock Market Indices



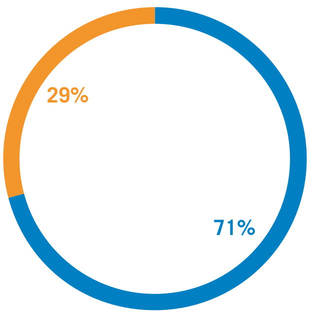
Equity Market Risk

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 market 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 2021	6,581	7,123	3,124
At 31 December 2022	**6,851**	**6,566**	**3,251**
Change during 2022	+4.1%	-7.8%	+4.1%
At 30 March 2023	6,809	6,645	3,257
Change during 1 January 2023 to 30 March 2023	-0.6%	+1.2%	+0.2%

Interest Rate Profile



	US$ millions
Fixed	7,979.5
Variable	3,242.8
Total	**11,222.3**

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	935.0	524.0	(96.6)	**1,362.4**
Indofood	2,731.4	1,467.6	(1,649.3)	**2,549.7**
MPIC	4,301.4	943.7	(846.3)	**4,398.8**
FPM Power	–	235.1	(131.5)	**103.6**
FP Natural Resources	11.7	72.4	(5.4)	**78.7**
Total	7,979.5	3,242.8	(2,729.1)	**8,493.2**

Associated Companies

US$ millions	Fixed interest rate borrowings[(i)]	Variable interest rate borrowings[(i)]	Cash and cash equivalents[(ii)]	Net debt
PLDT	2,654.1	1,821.9	(452.2)	**4,023.8**
Philex	106.0	29.0	(70.4)	**64.6**

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

(ii) Includes short-term deposits and restricted cash

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

US$ millions	Variable interest rate borrowings	Profit effect of 1% change in interest rates	Group net profit effect
Head Office	524.0	5.2	**5.2**
Indofood	1,467.6	14.7	**5.7**
MPIC	943.7	9.4	**3.3**
FPM Power	235.1	2.4	**0.8**
FP Natural Resources	72.4	0.7	**0.2**
PLDT	1,821.9	18.2	**3.5**
Philex	29.0	0.3	**0.1**
Total	5,093.7	50.9	**18.8**

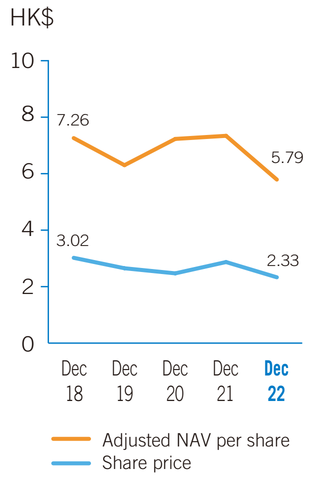
Adjusted NAV Per Share

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

At 31 December US$ millions	Basis	2022	2021
Indofood	(i)	**1,879.3**	1,948.7
PLDT	(i)	**1,304.8**	1,962.8
MPIC	(i)	**811.0**	1,011.2
FPM Power	(ii)	**150.0**	–
Philex	(i)	**145.6**	243.8
PXP	(i)	**76.4**	67.0
FP Natural Resources	(iii)	**9.9**	14.6
Head Office – Other assets	(iv)	**134.7**	98.8
– Net debt		**(1,362.4)**	(1,322.2)
Total Valuation		**3,149.3**	4,024.7
Number of Ordinary Shares in Issue (millions)		**4,241.7**	4,279.1
Value per share – U.S. dollars		**0.74**	0.94
– HK dollars		**5.79**	7.34
Company's closing share price (HK$)		**2.33**	2.87
Share price discount to HK$ value per share (%)		**59.8**	60.9

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

Share Price vs Adjusted NAV Per Share



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

Contents

Statutory Reports

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 2022.

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 230 to 232.

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," the "Chairman's Letter," the "Managing Director and Chief Executive Officer's Letter," the "Corporate Social Responsibility Report," and the "Corporate Governance Report" sections set out on pages 6 to 41 and pages 49 to 88 of this annual report. Those discussions form part of this Report of the Directors.

Incorporation

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

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

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

Reserves

Details of movements in the reserves of the Group and the Company during the year are set out in the Consolidated Financial Statements on page 113 and page 225, respectively.

Purchase, Sale or Redemption of Listed Securities of the Company

On 30 March 2021, the Board approved a share repurchase program to repurchase the Company's shares from the open market, by way of "on market repurchases" over a period of approximately 3 years, commencing 31 March 2021 and ending 31 March 2024.

During the year ended 31 December 2022, the Company repurchased a total of 39,706,000 (2021: 65,818,000) ordinary shares on the SEHK at an aggregate consideration of approximately HK$113.1 million (US$14.5 million) (2021: HK$185.1 million or US$23.8 million). These shares have been subsequently cancelled. Further details are set out in Note 29 to the Consolidated Financial Statements.

During the year ended 31 December 2022, the independent trustee managing the Company's share award scheme bought on the SEHK a total of 2,618,000 shares (2021: 3,690,000 shares) of the Company at an aggregate consideration of approximately HK$8.1 million (US$1.0 million) (2021: HK$9.9 million (US$1.3 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 2022 and the Group's consolidated financial position at that date are set out in the Consolidated Financial Statements on pages 110 to 112.

An interim distribution of HK10.50 cents (U.S. 1.35 cents) (2021: HK9.00 cents or U.S. 1.15 cents) per ordinary share, totaling US$56.9 million (2021: US$49.9 million), was paid on 5 October 2022. The Directors recommended the payment of a final distribution of HK11.50 cents (U.S. 1.47 cents) (2021: HK 10.00 cents or U.S. 1.28 cents) per ordinary share, totaling US$62.5 million (2021: US$54.3 million). The total distribution per ordinary share for 2022 equals to HK22.00 cents (U.S. 2.82 cents) (2021: HK 19.00 cents or U.S. 2.43 cents), totaling US$119.4 million (2021: US$104.2 million).

Charitable Contributions

In 2022, the Group made charitable contributions totaling US$12.4 million (2021: US$41.9 million).

Property, Plant and Equipment

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

Borrowings

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

Distributable Reserves

At 31 December 2022, 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$1,417.7 million (2021: US$1,528.9 million), representing the Company's contributed surplus account. In addition, the Company's share premium account of US$26.7 million (2021: US$39.9 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 42 to 45. Details of the remuneration policy and other details are provided in the Corporate Governance Report on page 88 and Note 37(A) to the Consolidated Financial Statements, respectively.

Changes in Information of Directors

- Ms. Madeleine Lee Suh Shin was appointed as an independent director of Verde AgriTech Ltd., the shares of which are listed on the Toronto Stock Exchange, on 20 September 2022; and

- Mrs. Margaret Leung Ko May Yee was appointed as the chairman of the Advisory Committee on Arts Development on 1 January 2023. In addition, she was appointed as a member of the Culture Commission on 1 March 2023.

Interests of Directors in the Company and its Associated Corporations

As at 31 December 2022, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the 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 the 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)]	45.39	–
Manuel V. Pangilinan	70,493,078[(P)(ii)]	1.66	–
Christopher H. Young	8,385,189[(P)]	0.20	–
Benny S. Santoso	478,500[(P)(iii)]	0.01	5,742,000
Prof. Edward K.Y. Chen, *GBS, CBE, JP*	3,903,559[(P)(iv)]	0.09	–
Margaret Leung Ko May Yee, *SBS, JP*	3,045,652[(P)(v)]	0.07	–
Philip Fan Yan Hok	10,547,152[(P)(vi)]	0.25	1,914,000
Madeleine Lee Suh Shin	1,557,000[(P)(vii)]	0.04	3,828,000
Blair Chilton Pickerell	1,276,000[(P)(viii)]	0.03	1,276,000

(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 NEDs of the Company).
(ii) It included Mr. Pangilinan's interests in 29,033,817 shares transferred to certain family trusts.
(iii) It represents Mr. Santoso's interests in 478,500 awarded shares granted pursuant to the Company's Share Award Scheme as adopted by the Board on 19 March 2013 (the "Share Award Scheme") which remain unvested.
(iv) It included Prof. Chen's interests in 957,000 awarded shares granted pursuant to the Share Award Scheme which remain unvested.
(v) It included Mrs. Leung's interests in 957,000 awarded shares granted pursuant to the Share Award Scheme which remain unvested.
(vi) It included Mr. Fan's interests in 478,500 awarded shares granted pursuant to the Share Award Scheme which remain unvested.
(vii) It included Ms. Lee's interests in 957,000 awarded shares granted pursuant to the Share Award Scheme which remain unvested.
(viii) It included Mr. Pickerell's interests in 797,500 awarded shares granted pursuant to the Share Award Scheme which remain unvested.

(B) Long Positions in Shares and Debentures of the Associated Corporations of the Company

- Manuel V. Pangilinan owned (a) 31,622,404 common shares[(P)] (0.10%)* in MPIC; (b) 296,494 common shares[(P)] (0.14%)* 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)] (0.08%)* 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 1,170,029,530 IndoAgri shares[(C)] (83.82%)* through the Company's group companies; and (c) an indirect interest of 20,483,364 shares[(C)] (0.13%)* in SIMP through his controlled corporations other than the Company and an indirect interest of 12,471,746,400 SIMP shares[(C)] (78.85%)* through the Company's group companies.

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

* Approximate percentage of the issued capital of the respective class of shares in the respective associated corporations as at 31 December 2022.

Save for those disclosed above, as at 31 December 2022, 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 2022 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 2022, representing approximately 26.76% of the Company's issued share capital at that date, by way of 502,058,994 ordinary shares of the Company held, representing approximately 11.84% 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 of the Company 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 2022, representing approximately 18.63% of the Company's issued share capital at that date, by way of its 59.61% interest in First Pacific Investments Limited ("FPIL-Liberia"). Anthoni Salim, Chairman of the Company, beneficially owns the entire issued share capital of ACFL and, accordingly, is taken to be interested in the shares of the Company owned by ACFL.

(c) FPIL-Liberia, which was incorporated in the Republic of Liberia, beneficially owned 790,229,364 ordinary shares at 31 December 2022, representing approximately 18.63% of the Company's issued share capital at that date. FPIL-Liberia is owned by Salerni, ACFL, Anthoni Salim (Chairman of the Company), Tedy Djuhar, and the late Sutanto Djuhar (both are former NEDs of the Company), in the proportion specified in note (i) of the table on page 103. Anthoni Salim, Chairman of the Company, indirectly owns 83.84% of the issued share capital of FPIL-Liberia and, accordingly, is taken to be interested in the shares of the Company 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 2022, representing approximately 14.93% of the Company's issued share capital at that date. Anthoni Salim, Chairman of the Company, indirectly owns the entire issued share capital of FPIL-BVI and, accordingly, is taken to be interested in the shares of the Company owned by FPIL-BVI.

(e) Brandes Investment Partners, L.P. ("Brandes"), a United States incorporated company, notified the Company that it held 297,632,088 ordinary shares of the Company as at 12 April 2022, representing approximately 6.97% of the Company's issued share capital at that date. At 31 December 2022, the Company has not received any other notification from Brandes of any change to such holding.

(f) Northern Trust Corporation, a United States incorporated company, and its 100% controlled corporation, The Northern Trust Company, a United States incorporated company (collectively "Northern Trust"), notified the Company that they held 222,651,032 ordinary shares of the Company (lending pool) on 12 December 2022, representing approximately 5.25% (lending pool) of the Company's issued share capital at that date. At 31 December 2022, 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 2022 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) 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 2 and 3. This summary does not form part of the audited Consolidated Financial Statements.

Major Customers and Suppliers

In 2022, 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 39% (2021: 26%) of the total purchases for the year of which purchases from the largest supplier included therein accounted for 13% (2021: 10%) 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 68 to 80.

Sufficiency of Public Float

Based on information that is publicly available to the Company and within the knowledge of the Directors, at least 25% of the Company's total number of issued shares were held by the public at both 31 December 2022 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, as set out in the Corporate Governance Report on page 60, 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, gender identity or expression, sexual orientation, race, ethnicity, national origin, disability, family or marital status, dependents, genetics, social origin, or political views of employees and prospective employees. This ensures that individuals are treated equally, given their skills and abilities, in terms of career development and opportunities.

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

Chiu Wing Man, Fiona
General Counsel and Company Secretary

Hong Kong
30 March 2023

EY 安永

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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 110 to 225, which comprise the consolidated statement of financial position as at 31 December 2022, 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 2022, 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 matter below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

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

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")	
Goodwill allocated to noodles CGU and concession assets not yet available for use allocated to Toll Roads and Rail CGUs (collectively, the "Intangible Assets") were carried in the Group's consolidated statement of financial position as at 31 December 2022 amounted to US$3,320 million, US$812 million and US$413 million, respectively. In accordance with HKAS 36 *Impairment of Assets*, the Group is required to test goodwill and concession assets not yet available for use for impairment at least on an annual basis. The Intangible Assets and their carrying amounts were allocated to the Group's respective CGUs for impairment testing. Impairment was determined by assessing the recoverable amount of the CGU to which each of the Intangible Assets relates and whether the recoverable amount of the CGU was less than the carrying amount. For the year under review, the recoverable amounts of the respective CGUs have been determined based on value-in-use calculations using cash flow projections specific to each CGU and applying discount rates which reflected specific risks relating to the relevant CGUs. The impairment testing of the Intangible Assets required management to make significant assumptions and estimates that would affect the reported amounts of the Intangible Assets and related disclosures in the consolidated financial statements. Related disclosures are included in notes 3, 14 and 15 to the consolidated financial statements.	Our audit procedures in relation to impairment assessment of the Intangible Assets included: ■ understood the methodologies of the impairment assessment, including the involvement of the management's specialists; ■ evaluated the competence, capabilities, independence and objectivity of management's specialists; ■ evaluated 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 business environment; ■ assessed the key assumptions, including discount rate, expected market development and long-term growth rates, with the assistance from our valuation experts with relevant expertise and with external information sources; and ■ evaluated the management's assessment about the reasonably possible change in the relevant key assumptions.

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.

Independent Auditor's Report (continued)

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

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.
- 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.

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

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 Ms. Chiu, Caroline Su Yuen.

Ernst & Young
Certified Public Accountants
Hong Kong
30 March 2023

Consolidated Financial Statements

Consolidated Income Statement

For the year ended 31 December US$ millions	Notes	2022	2021
Turnover	4	**10,304.9**	9,103.2
Cost of sales		**(7,248.4)**	(6,275.2)
Gross Profit		**3,056.5**	2,828.0
Selling and distribution expenses		**(723.2)**	(704.5)
Administrative expenses		**(565.4)**	(698.6)
Other operating income and expenses	5(A)	**(239.5)**	(274.3)
Interest income		**62.5**	43.5
Finance costs	5(B)	**(483.6)**	(479.2)
Share of profits less losses of associated companies and joint ventures		**265.6**	373.9
Profit before Taxation from Continuing Operations	5	**1,372.9**	1,088.8
Taxation	6	**(323.3)**	(281.9)
Profit for the Year from Continuing Operations		**1,049.6**	806.9
Profit for the year from a discontinued operation	7	**–**	88.8
Profit for the Year		**1,049.6**	895.7
Profit Attributable to:			
Owners of the Parent	8	**391.6**	333.3
Non-controlling Interests		**658.0**	562.4
		1,049.6	895.7
Profit Attributable to Owners of the Parent arising from:			
Continuing operations		**391.6**	300.5
A discontinued operation		**–**	32.8
		391.6	333.3
Earnings Per Share Attributable to Owners of the Parent (U.S. cents)	9		
Basic			
Continuing operations		**9.20**	6.96
A discontinued operation		**–**	0.76
		9.20	7.72
Diluted			
Continuing operations		**9.19**	6.95
A discontinued operation		**–**	0.76
		9.19	7.71

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

The Notes on pages 116 to 225 form an integral part of the Consolidated Financial Statements.

Consolidated Statement of Comprehensive Income

For the year ended 31 December US$ millions	2022	2021
Profit for the Year	**1,049.6**	895.7
Other Comprehensive (Loss)/Income		
Items that are or may be Reclassified to Profit or Loss:		
Exchange differences on translating foreign operations	**(1,002.8)**	(434.4)
Unrealized gains on debt investments at fair value through other comprehensive income	**0.3**	0.5
Unrealized gains on cash flow hedges	**4.9**	106.1
Realized gains on cash flow hedges	**(59.5)**	(38.3)
Income tax related to cash flow hedges	**9.9**	(7.9)
Share of other comprehensive income/(loss) of associated companies and joint ventures	**69.5**	(21.8)
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	**29.1**	51.0
Actuarial gains on defined benefit pension plans	**13.1**	61.6
Share of other comprehensive income of associated companies and joint ventures	**52.5**	63.9
Other Comprehensive Loss for the Year, Net of Tax	**(883.0)**	(230.0)
Total Comprehensive Income for the Year	**166.6**	665.7
Total Comprehensive Income Attributable to:		
Owners of the parent	**87.2**	273.8
Non-controlling interests	**79.4**	391.9
	166.6	665.7

Consolidated Statement of Financial Position

US$ millions	Notes	At 31 December 2022	At 31 December 2021
Non-current Assets			
Property, plant and equipment	11	**3,758.6**	3,953.0
Biological assets	12	**20.5**	23.0
Associated companies and joint ventures	13	**5,316.2**	5,266.2
Goodwill	14	**3,893.1**	4,299.0
Other intangible assets	15	**6,033.7**	6,040.6
Investment properties	16	**17.6**	11.1
Accounts receivable, other receivables and prepayments	17	**89.2**	55.5
Financial assets at fair value through other comprehensive income	18	**527.0**	361.1
Deferred tax assets	19	**96.2**	87.0
Other non-current assets	20	**555.2**	663.0
		20,307.3	20,759.5
Current Assets			
Cash and cash equivalents and short-term deposits	21	**2,620.6**	3,209.3
Restricted cash	22	**108.5**	53.6
Financial assets at fair value through other comprehensive income	18	**64.1**	205.0
Accounts receivable, other receivables and prepayments	17	**1,189.5**	1,327.8
Inventories	23	**1,136.8**	950.1
Biological assets	12	**48.9**	61.4
		5,168.4	5,807.2
Assets classified as held for sale	24	**16.1**	–
		5,184.5	5,807.2
Current Liabilities			
Accounts payable, other payables and accruals	25	**1,737.3**	1,660.9
Short-term borrowings	26	**1,824.3**	1,645.7
Provision for taxation	27	**134.5**	147.9
Current portion of deferred liabilities, provisions and payables	28	**412.5**	1,170.3
		4,108.6	4,624.8
Net Current Assets		**1,075.9**	1,182.4
Total Assets Less Current Liabilities		**21,383.2**	21,941.9
Equity			
Issued share capital	29	**42.4**	42.8
Shares held for share award scheme	30	**(2.2)**	(2.0)
Retained earnings		**2,328.3**	1,936.4
Other components of equity	31	**928.0**	1,321.4
Equity attributable to owners of the parent		**3,296.5**	3,298.6
Non-controlling interests	32	**7,069.3**	7,314.5
Total Equity		**10,365.8**	10,613.1
Non-current Liabilities			
Long-term borrowings	26	**9,398.0**	9,482.7
Deferred liabilities, provisions and payables	28	**1,216.7**	1,469.3
Deferred tax liabilities	19	**402.7**	376.8
		11,017.4	11,328.8
		21,383.2	21,941.9

The Notes on pages 116 to 225 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

30 March 2023

Consolidated Statement of Changes in Equity

		Equity attributable to owners of the parent												
US$ millions	Notes	Issued share capital	Shares held for share award scheme	Share premium	Employee share-based compensation reserve	Other comprehensive loss (Note 33)	Differences arising from changes in equities of subsidiary companies	Reserves for assets classified as held for sale	Capital and other reserves	Contributed surplus	Retained earnings	Total	Non-controlling interests	Total equity
At 1 January 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		–	–	–	–	–	–	–	–	(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
At 1 January 2022		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
Profit for the year		–	–	–	–	–	–	–	–	–	391.6	391.6	658.0	**1,049.6**
Other comprehensive loss for the year		–	–	–	–	(304.4)	–	–	–	–	–	(304.4)	(578.6)	**(883.0)**
Total comprehensive (loss)/income for the year		–	–	–	–	(304.4)	–	–	–	–	391.6	87.2	79.4	**166.6**
Repurchase of shares	29	(0.4)	–	(14.1)	–	–	–	–	–	–	–	(14.5)	–	**(14.5)**
Purchase of shares under share award scheme	30	–	(1.0)	–	–	–	–	–	–	–	–	(1.0)	–	**(1.0)**
Issue of shares under share award scheme	30	–	(0.9)	0.9	–	–	–	–	–	–	–	–	–	**–**
Shares vested under share award scheme	30	–	1.7	–	(1.7)	–	–	–	–	–	–	–	–	**–**
Lapse of share options		–	–	–	(0.3)	–	–	–	–	–	0.3	–	–	**–**
Employee share-based compensation benefits		–	–	–	2.2	–	–	–	–	–	–	2.2	0.1	**2.3**
Acquisition of interests in subsidiary companies		–	–	–	–	(8.7)	44.3	–	–	–	–	35.6	(128.4)	**(92.8)**
Step acquisition of a joint venture	34(B)	–	–	–	–	–	–	–	–	–	–	–	(1.2)	**(1.2)**
Recognition of a financial liability on non-controlling interests' put option		–	–	–	–	–	(0.4)	–	–	–	–	(0.4)	(6.2)	**(6.6)**
2021 final distribution paid	10	–	–	–	–	–	–	–	–	(54.3)	–	(54.3)	–	**(54.3)**
2022 interim distribution paid	10	–	–	–	–	–	–	–	–	(56.9)	–	(56.9)	–	**(56.9)**
Capital contributions from non-controlling shareholders		–	–	–	–	–	–	–	–	–	–	–	143.7	**143.7**
Dividends declared to non-controlling shareholders		–	–	–	–	–	–	–	–	–	–	–	(332.6)	**(332.6)**
At 31 December 2022		**42.4**	**(2.2)**	**26.7**	**9.0**	**(1,025.4)**	**487.4**	**–**	**12.6**	**1,417.7**	**2,328.3**	**3,296.5**	**7,069.3**	**10,365.8**

The Notes on pages 116 to 225 form an integral part of the Consolidated Financial Statements.

Consolidated Statement of Cash Flows

For the year ended 31 December US$ millions	Notes	2022	2021
Profit Before Taxation			
From continuing operations		**1,372.9**	1,088.8
From a discontinued operation	7(B)	**–**	84.6
Adjustments for:			
Finance costs		**483.6**	488.4
Depreciation	5(C)	**328.4**	349.2
Amortization of other intangible assets	5(C)	**140.1**	138.4
Provisions for impairment losses, net		**59.5**	268.8
Write-down of inventories to net realizable value	5(C)	**12.5**	7.0
Loss/(gain) on changes in fair value of biological assets, net	5(A)	**9.1**	(7.9)
Employee share-based compensation benefit expenses		**2.3**	1.5
Share of profits less losses of associated companies and joint ventures		**(265.6)**	(377.0)
Gains on step acquisition of a joint venture	5(A)	**(65.3)**	–
Interest income		**(62.5)**	(43.6)
Dividend income from financial assets at fair value through other comprehensive income	5(A)	**(15.8)**	(13.1)
Gain on disposal of an associated company	5(A)	**(2.4)**	(21.7)
(Gain)/loss on disposal of property, plant and equipment, net	5(A)	**(0.1)**	9.9
Gain on deconsolidation of a discontinued operation	7(A)	**–**	(65.2)
Reversal of provision for onerous contracts	5(C)	**–**	(8.4)
Others (including unrealized foreign exchange difference)		**195.2**	2.8
		2,191.9	1,902.5
Increase in accounts receivable, other receivables and prepayments		**(40.4)**	(179.3)
Increase in inventories		**(248.3)**	(113.4)
Increase in accounts payable, other payables and accruals		**190.5**	323.6
Net cash generated from operations		**2,093.7**	1,933.4
Interest received		**60.1**	37.1
Interest paid		**(445.8)**	(405.0)
Taxes paid		**(284.0)**	(319.6)
Net Cash Flows From Operating Activities		**1,424.0**	1,245.9

continued/···

Consolidated Statement of Cash Flows (continued)

For the year ended 31 December US$ millions	Notes	2022	2021
Dividends received from associated companies		**280.6**	230.3
Collection of proceeds from deconsolidation of a discontinued operation	34(A)	**79.4**	209.7
Dividends received from financial assets at fair value through other comprehensive income		**15.8**	13.1
Cash acquired from step acquisition of a joint venture	34(B)	**8.6**	–
Dividend received from a joint venture		**8.5**	–
Disposal of property, plant and equipment		**8.3**	5.0
Disposal of an associated company	34(C)	**2.4**	145.2
Investments in other intangible assets		**(792.2)**	(730.9)
Payment for retention amount payable	34(D)	**(650.0)**	–
Payments for purchases of property, plant and equipment		**(286.3)**	(360.1)
Investments in associated companies	34(E)	**(284.1)**	–
Increased investments in associated companies	34(F)	**(172.9)**	(5.4)
(Increase)/decrease in short-term deposits with original maturity of more than three months		**(80.2)**	68.9
(Increase)/decrease in restricted cash		**(54.3)**	4.0
Investment in financial assets at fair value through other comprehensive income		**(42.4)**	(80.3)
Investment in financial assets at fair value through profit or loss		**(20.0)**	–
Investments in biological assets		**(14.7)**	(13.3)
Increased investments in joint ventures		**(6.3)**	(4.7)
Advances to a joint venture		**(5.0)**	(18.2)
Advances to an associated company		**(3.0)**	–
Purchases of investment properties		**(0.5)**	–
Investment in a joint venture	34(G)	**–**	(144.2)
Instalment payment for acquisition of a subsidiary company	34(H)	**–**	(49.6)
Net Cash Flows Used in Investing Activities		**(2,008.3)**	(730.5)
Proceeds from new bank borrowings and other loans	34(I)	**4,464.6**	5,941.2
Capital contributions from non-controlling shareholders		**30.2**	35.1
Repayment of bank borrowings and other loans	34(I)	**(3,836.1)**	(5,140.5)
Dividends paid to non-controlling shareholders by subsidiary companies	34(I)	**(314.1)**	(287.4)
Distributions paid to shareholders	34(I)	**(111.2)**	(91.7)
Repurchase of a subsidiary company's shares	34(J)	**(91.8)**	(46.3)
Principal portion of lease payments	34(I)	**(34.0)**	(35.2)
Payments for concession fees payable	34(I)	**(15.8)**	(16.2)
Repurchase of shares		**(14.5)**	(23.8)
Increased investments in subsidiary companies	34(K)	**(1.0)**	(35.4)
Payments for purchase of shares under a long-term incentive plan		**(1.0)**	(1.6)
Loans from non-controlling shareholders	34(I)	**–**	7.2
Net Cash Flows From Financing Activities		**75.3**	305.4
Net (Decrease)/Increase in Cash and Cash Equivalents		**(509.0)**	820.8
Cash and cash equivalents at 1 January		**3,116.9**	2,363.2
Exchange translation		**(150.1)**	(67.1)
Cash and Cash Equivalents at 31 December		**2,457.8**	3,116.9
Representing			
Cash and cash equivalents and short-term deposits as stated in the consolidated statement of financial position	21	**2,620.6**	3,209.3
Less: short-term deposits with original maturity of more than three months		**(162.8)**	(92.4)
Cash and Cash Equivalents at 31 December		**2,457.8**	3,116.9

The Notes on pages 116 to 225 form an integral part of the Consolidated Financial Statements.

Notes to 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 2022, 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 230 to 232.

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

(B) Amendments Adopted by the Group

The Group has adopted the following revised HKFRSs for the first time for the current year's financial statements.

HKAS 16 Amendments	"Property, Plant and Equipment: Proceeds before Intended Use"
HKAS 37 Amendments	"Onerous Contracts – Cost of Fulfilling a Contract"
HKFRS 3 Amendments	"Reference to the Conceptual Framework"
Improvements to HKFRSs	Annual Improvements to HKFRSs 2018–2020 Cycle

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The Group's adoption of the above pronouncements has had no material effect on both the profit attributable to owners of the parent for the years ended 31 December 2022 and 2021 and the equity attributable to owners of the parent at 31 December 2022 and 31 December 2021.

(C) Issued But Not Yet Effective HKFRSs

The Group has not applied the following new and revised HKFRSs, which were issued and relevant to the Group but not yet effective for the year ended 31 December 2022, in the Consolidated Financial Statements.

HKAS 1 Amendments	"Classification of Liabilities as Current or Non-current"(i)
HKAS 1 Amendments	"Non-current Liabilities with Covenants"(iv)
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)
HKFRS 10 and HKAS 28 (2011) Amendments	"Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"(iii)
HKFRS 16 Amendments	"Lease Liability in a Sale and Leaseback"(iv)

(i) As a consequence of the HKAS 1 Amendments "Non-current Liabilities with Covenants" issued in December 2022, the effective date was deferred to annual periods beginning on or after 1 January 2024.
(ii) Effective for annual periods commencing on or after 1 January 2023
(iii) No mandatory effective date yet determined but available for adoption
(iv) Effective for annual periods commencing on or after 1 January 2024

Further information about those HKFRSs that are relevant to the Group is described below.

HKAS 1 Amendments "Classification of Liabilities as Current or Non-current" (the "2020 Amendments") clarify the requirements for classifying liabilities as current or non-current, in particular the determination over whether an entity has a right to defer settlement of the liabilities for at least 12 months after the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement of the liability. In 2022, the HKICPA issued the HKAS 1 Amendments "Non-current Liabilities with Covenants" (the "2022 Amendments") to further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. In addition, the 2022 Amendments require additional disclosures by an entity that classifies liabilities arising from loan arrangements as non-current when it has a right to defer settlement of those liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period. The amendments are effective for annual periods beginning on or after 1 January 2024 and shall be applied retrospectively. Earlier application is permitted. An entity that applies the 2020 Amendments early is required to apply simultaneously the 2022 Amendments, and vice versa. In addition, as a consequence of the 2020 Amendments and 2022 Amendments, Hong Kong Interpretation 5 "Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause" was revised to align the corresponding wording with no change in conclusion.

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 nonmandatory, 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 in HKAS 12 "Income Taxes" 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 (provided that sufficient taxable profit is available) 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.

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.

HKAS 16 Amendments specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. The amendments are effective for annual periods beginning on or after 1 January 2024 and shall be applied retrospectively to sale and leaseback transactions entered into after the date of initial application of HKFRS 16 "Leases" (i.e., 1 January 2019). Earlier application is permitted.

The Group has not early adopted the above new and revised HKFRSs for the year ended 31 December 2022. 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, financial position, or 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 2022 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. Generally, there is a presumption that a majority of voting rights results in control. 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 retained investment in the former subsidiary company, (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, with 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 the fair value at their acquisition date 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 recognized in profit or loss after reassessment 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 HKICPA. 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 retained by the CGU (group of CGUs).

(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, upkeeping 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 FFB, oil palm seeds, latex, 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 which it is in a position to exercise significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

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 the 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 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 electricity prices and provide 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 classified as fair value through other comprehensive income ("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 value in use and its fair value less costs of disposal, 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 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 and, 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 debt instruments have increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the debt instruments as at the reporting date with the risk of a default occurring on the debt instruments 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. 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.

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.

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 other comprehensive income and the ineffective portion is recognized immediately in the consolidated income statement. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

The amounts accumulated in other comprehensive income are accounted for depending on the nature of the underlying hedged transaction. If the hedged transaction subsequently results in the recognition of a non-financial item, the amount accumulated in equity is removed from the separate component of equity and included in the initial cost or other carrying amount of the hedged asset or liability. This is not a reclassification adjustment and will not be recognized in other comprehensive income for the period. This also applies when 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 deemed cost for agricultural produce harvested from the bearer plants, 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 on 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 their 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 proposed and declared, because the Company's memorandum and bye-laws grant the Directors the authority to declare interim distributions/dividends. Consequently, interim distributions/dividends are recognized immediately as a liability when they are 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 sale of real estate properties

Turnover from the sale of real estate property under pre-completion stage is recognized over time during the construction period (or percentage of completion). The Group measures its progress using output method which based on the physical proportion of work done on the real estate project.

(IV) 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.

(V) Dividend income

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

(VI) Interest income

Interest income is recognized as it accrues, taking into account the principal amount outstanding and the effective interest rate.

(s) Contract assets and contract liabilities

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional. Contract assets are subject to impairment assessment, details of which are included in the accounting policies for impairment of financial assets (see Note (k)(IV)).

A contract liability is recognized when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognized as revenue when the Group performs under the contract (i.e. transfers control of the related goods or services to the customer).

(t) Employee benefits

(I) Pension obligations

The Group operates defined contribution and defined benefit retirement schemes.

Contributions to defined contribution schemes by the Group and employees are calculated as a percentage of the employees' basic salaries. The Group's contributions to defined contribution schemes are expensed as incurred and are reduced by contributions forfeited by those employees who leave the schemes prior to the contributions vesting fully.

The Group's net obligations in respect of defined benefit schemes is calculated by fair value of the pension scheme assets and estimates of the effects of future events on the actuarial present value of accrued pension obligations, and are determined on the basis of actuarial valuations using the projected unit credit method. Remeasurements comprising actuarial gains and losses, return on plan assets, and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognized immediately in other comprehensive income in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods. Past service costs are recognized in the consolidated income statement at the earlier of the date of (i) when the plan amendment occurs and (ii) when the related restructuring or termination costs are recognized. Interest on net defined benefit obligation is calculated using the discount rate used to measure the pension benefit obligation and recognized in the consolidated income statement.

(II) Long service payments

Certain of the Group's employees are eligible for long service payments in the event of the 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 exclude 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 performance targets, such as increases in recurring profit/core income over a performance cycle, usually three years, with payments 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$5,000 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;

(iii) all resulting exchange differences are recognized in other comprehensive income; and

(iv) 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, financial assets, and assets arising from employee benefits) 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, financial assets, and assets arising from employee benefits) 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 coordinated 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 roads (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 roads 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/ongoing construction (in the case of the construction of the CALAX, Connector Road, CCLEX, CS South Link 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 and LRMC received the safety assessor's certification that the speed can be raised to 60 kilometres per hour in January 2022. The construction of CCLEX was substantially completed and CCLEC received the certificate of substantial of completion in April 2022. Accordingly, LRMC and CCLEC ceased to capitalize borrowing costs that are directly attributable to existing LRT1 and CCLEX and started to amortize the related concession assets respectively. 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 options. 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 (including concession assets not yet available for 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.

At 31 December 2022, the carrying amounts of the Group's goodwill and intangible assets are US$3,893.1 million (2021: US$4,299.0 million), and US$6,033.7 million (2021: US$6,040.6 million), respectively. Further details on the Group's goodwill and intangible assets are disclosed in Notes 14 and 15 to the Consolidated Financial Statements, respectively.

(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.

At 31 December 2022, the carrying amount of the Group's property, plant and equipment is US$3,758.6 million (2021: US$3,953.0 million). Further details are disclosed in Note 11 to the Consolidated Financial Statements.

(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 include the projected selling prices, production yields, discount rate, inflation rate and exchange rates. For the valuation of unharvested FFB of oil palm and latex of rubber, the Group applies 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 applies 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 narrative 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 various milk-related products (Note 15(D)) and packaged drinking water (Note 15(E)). 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 developments 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 are 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 directly affect the Group's consolidated profit or loss and equity. Further details on the fair value of these financial assets and liabilities are disclosed in Note 39(C) to the Consolidated Financial Statements.

(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. The information about the allowances for inventories is disclosed in Note 23 to the Consolidated Financial Statements.

(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. Further details on the taxation and deferred tax are disclosed in Notes 6 and 19 to the Consolidated Financial Statements, respectively.

(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. Further details on the provisions are disclosed in Note 28 to the Consolidated Financial Statements.

(j) Pension and other retirement benefits

The determination of the Group's defined benefits obligation and, the 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. Details of the Group's retirement benefits are disclosed in Note 36(B) to the Consolidated Financial Statements.

(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. Details of the Group's share award scheme and share option scheme are disclosed in Notes 30 and 37(D) to the Consolidated Financial Statements, respectively.

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. The information about the employee benefit expenses is disclosed in Note 36 to the Consolidated Financial Statements.

4. Turnover and Segmental Information

US$ millions	2022	2021
Turnover		
Sale of goods		
– Consumer Food Products	**7,478.2**	6,869.4
Sale of electricity		
– Infrastructure	**1,755.3**	1,201.3
Sale of real estate		
– Infrastructure	**9.3**	–
Rendering of services		
– Consumer Food Products	**145.0**	156.8
– Infrastructure	**917.1**	875.7
Total	**10,304.9**	9,103.2

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 rights of return and volume rebates which give rise to variable consideration.

For the year ended 31 December 2022, recognized revenue of US$23.8 million (2021: US$21.9 million) relates to the brought forward contract liabilities arising from the consumer food products 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.

Sale of real estate
The performance obligation is satisfied over time as the Group's performance does not create an asset with an alternative use and the Group has an enforceable right to payment for performance completed to date and the payment is generally with an instalment period of one to three years for Landco'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 distribution business 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. For commission income under the real estate business, the performance obligation is satisfied upon the execution of the contract to sell or deed of absolute sale, and payment is due five to ten days thereafter.

For the year ended 31 December 2022, recognized revenue of US$1.9 million (2021: US$0.8 million) relates to the brought forward contract liabilities arising from the infrastructure business.

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 geographical and product or service 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 230 to 232.

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 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 2022 and 2021, and assets and liabilities at 31 December 2022 and 2021 on segmental basis are as follows:

By Principal Business Activity – 2022

For the year ended/at 31 December US$ millions	Consumer Food Products	Telecom-munications	Infrastructure	Natural Resources	Head Office	**2022 Total**
Revenue						
Turnover						
– Point in time	7,478.2	–	4.2	–	–	**7,482.4**
– Over time	145.0	–	2,677.5	–	–	**2,822.5**
Total	7,623.2	–	2,681.7	–	–	**10,304.9**
Results						
Recurring profit	259.4	133.7	186.8	13.4	(84.5)	**508.8**
Assets and Liabilities						
Non-current assets (other than financial instruments and deferred tax assets)						
– Associated companies and joint ventures	558.5	1,081.2	3,485.2	191.3	–	**5,316.2**
– Others	7,179.7	–	7,039.9	–	3.7	**14,223.3**
	7,738.2	1,081.2	10,525.1	191.3	3.7	**19,539.5**
Other assets	3,931.1	–	1,771.3	–	233.8	**5,936.2**
Total segment assets	11,669.3	1,081.2	12,296.4	191.3	237.5	**25,475.7**
Assets classified as held for sales	16.1	–	–	–	–	**16.1**
Total assets	11,685.4	1,081.2	12,296.4	191.3	237.5	**25,491.8**
Borrowings	4,283.1	–	5,480.2	–	1,459.0	**11,222.3**
Other liabilities	1,468.6	–	2,277.4	–	157.7	**3,903.7**
Total liabilities	5,751.7	–	7,757.6	–	1,616.7	**15,126.0**
Other Information						
Depreciation and amortization	(289.7)	–	(176.4)	–	(4.7)	**(470.8)**
Impairment losses, net of reversal	(56.1)	–	(15.9)	–	–	**(72.0)**
Interest income	33.6	–	21.4	–	7.5	**62.5**
Finance costs	(213.8)	–	(210.7)	–	(59.1)	**(483.6)**
Share of profits less losses of associated companies and joint ventures	8.3	46.6	202.2	8.5	–	**265.6**
Taxation	(244.6)	–	(68.1)	–	(10.6)	**(323.3)**
Additions to non-current assets (other than financial instruments and deferred tax assets)	283.3	–	844.0	–	22.4	**1,149.7**

By Geographical Market – 2022

For the year ended/at 31 December US$ millions	Indonesia	The Philippines	Singapore	The Middle East, Africa & Others	**2022 Total**
Revenue					
Turnover					
– Consumer Food Products	5,710.0	219.7	141.8	1,551.7	**7,623.2**
– Infrastructure	50.6	882.9	1,747.6	0.6	**2,681.7**
Total	5,760.6	1,102.6	1,889.4	1,552.3	**10,304.9**
Assets					
Non-current assets (other than financial instruments and deferred tax assets)	3,740.7	10,499.9	768.2	4,530.7	**19,539.5**

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)
Impairment losses, net of reversal	(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

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 (2021: None).

A reconciliation between profit before taxation as shown in the consolidated income statement and recurring profit is as follows:

US$ millions	2022	2021
Profit before taxation		
– Continuing operations	**1,372.9**	1,088.8
– A discontinued operation (Note 7(B))	**–**	84.6
Exclusion of:		
– Foreign exchange and derivative losses, net (Note 8)	**268.2**	38.9
– Non-recurring items	**33.1**	269.5
Deduction of attributable taxation and non-controlling interests	**(1,165.4)**	(1,055.3)
Recurring Profit	**508.8**	426.5

5. Profit before Taxation from Continuing Operations

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

(A) Other Operating Income and Expenses

US$ millions	2022	2021
Foreign exchange and derivative losses, net (Note 8(A))	**265.0**	30.8
(Reversal of impairment)/impairment losses, net		
– Property, plant and equipment (Note 11)	**(141.1)**	46.6
– Associated companies and joint ventures (Note 13(H))	**86.1**	29.1
– Other intangible assets (Note 15)	**77.1**	144.4
– Other receivables	**26.0**	35.8
– Goodwill (Note 14)	**7.0**	2.8
Amortization of other intangible assets	**13.0**	13.5
Loss/(gain) on changes in fair value of biological assets, net (Note 12)	**9.1**	(7.9)
Gains on step acquisition of a joint venture (Note 34(B))	**(65.3)**	–
Dividend income from financial assets at FVOCI (Note 18)	**(15.8)**	(13.1)
Gain on disposal of an associated company	**(2.4)**	(21.7)
(Gain)/loss on disposal of property, plant and equipment, net	**(0.1)**	9.9
Other (income)/expenses, net	**(19.1)**	4.1
Total	**239.5**	274.3

(B) Finance Costs

US$ millions	2022	2021
Finance costs on		
– Bank borrowings and other loans	**609.9**	628.7
– Lease liabilities	**2.9**	3.4
Less: Finance costs capitalized in		
– Other intangible assets	**(123.7)**	(144.4)
– Property, plant and equipment	**(5.5)**	(8.5)
Total	**483.6**	479.2

The capitalization rate of borrowings costs for 2022 ranging from 4.9% to 8.6% (2021: 4.2% to 8.9%).

(C) Other Items

US$ millions	2022	2021
Cost of inventories sold	**4,057.3**	3,504.2
Cost of services rendered	**1,877.6**	1,516.2
Employees' remuneration (Note 36(A))	**826.3**	871.1
Depreciation (Note 11)	**328.4**	349.2
Amortization of other intangible assets (Note 15)(i)	**140.1**	138.4
Expenses relating to short-term leases	**19.0**	24.5
Write-down of inventories to net realizable value (Note 23(B))(ii)	**12.5**	7.0
Impairment losses on accounts receivable (Note 17(D))(iii)	**4.4**	3.1
Auditor's remuneration		
– Audit services	**4.5**	4.7
– Non-audit services(iv)	**0.7**	0.7
Expenses relating to leases of low-value assets	**0.9**	1.7
Reversal of provision for onerous contracts	**–**	(8.4)

(i) US$125.5 million (2021: US$122.2 million) included in cost of sales, US$13.0 million (2021: US$13.5 million) included in other operating income and expenses, and US$1.6 million (2021: US$2.7 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 (2021: Nil) has been provided as the Group had no estimated assessable profits (2021: 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	2022	2021
Subsidiary Companies – Overseas		
Current taxation	**283.8**	289.8
Deferred taxation	**39.5**	(7.9)
Total Tax Charge	**323.3**	281.9

Included within the share of profits less losses of associated companies and joint ventures is taxation of US$74.5 million (2021: US$120.9 million) which is analyzed as follows:

US$ millions	2022	2021
Associated Companies and Joint Ventures – Overseas		
Current taxation	**81.0**	112.3
Deferred taxation	**(6.5)**	8.6
Total Tax Charge	**74.5**	120.9

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 operating units in the Philippines to 25% from 30% with retroactive effect from 1 July 2020. The impacts of the changes in tax rates in the Philippines in 2021 on the Group's taxation and share of taxation of associated companies and joint ventures are summarized as follows:

US$ millions	2021
Subsidiary Companies – Overseas	
Current taxation	(6.3)
Deferred taxation	(12.1)
Total Tax Credit	(18.4)

US$ millions	2021
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	**2022**	**%**	2021	%
Profit before Taxation				
– Continuing operations	**1,372.9**		1,088.8	
– A discontinued operation	**–**		84.6	
	1,372.9		1,173.4	
Notional tax on profit before taxation, calculated at the rates applicable to profits in the tax countries concerned	**311.8**	**22.7**	274.6	23.4
Tax effect of:				
– Non-deductible expenses	**80.6**	**5.9**	85.8	7.3
– Income not subject to tax	**(57.1)**	**(4.2)**	(27.1)	(2.3)
– Share of profits less losses of associated companies and joint ventures	**(71.5)**	**(5.2)**	(94.0)	(8.0)
– Effect on opening deferred tax of decrease in tax rate	**–**	**–**	(12.1)	(1.0)
– Others	**59.5**	**4.3**	50.5	4.3
Taxation at the Group's effective tax rate	**323.3**	**23.5**	277.7	23.7
Taxation arising from continuing operations	**323.3**		281.9	
Taxation arising from a discontinued operation (Note 7(B))	**–**		(4.2)	
Total	**323.3**		277.7	

7. A Discontinued Operation

2021's discontinued operation related to MPIC's 56% interest in GBPC which was classified as a disposal group held for sale and a discontinued operation since 31 December 2020, and transferred to MGen, a wholly-owned subsidiary company of Meralco and an associated company of the Group, on 31 March 2021.

(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 per 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 received by MPIC in September 2022

(B) The Results of GBPC for the Period are as follows:

US$ millions	For the period from 1 January 2021 to 31 March 2021 (the date of deconsolidation)
Turnover	101.5
Cost of sales and services	(68.7)
Gross Profit	32.8
Administrative expenses	(7.0)
Other operating income and expenses	(0.4)
Interest income	0.1
Finance costs	(9.2)
Share of profits less losses of associated companies and joint ventures	3.1
Profit from a Discontinued Operation	19.4
Gain on deconsolidation of a discontinued operation	65.2
Profit before Taxation from a Discontinued Operation (Note 4)	84.6
Taxation (Note 6)	4.2
Profit for the Year from a Discontinued Operation	88.8

(C) The Net Cash Flows of GBPC for the Period are as follows:

US$ millions	For the period from 1 January 2021 to 31 March 2021 (the date of deconsolidation)
Operating activities	47.3
Investing activities	(3.4)
Financing activities	(22.2)
Net Cash Inflow	21.7

8. Profit Attributable to Owners of the Parent

The profit attributable to owners of the parent includes (A) net foreign exchange and derivative losses, and (B) non-recurring items with details as follows:

(A) Analysis of Foreign Exchange and Derivative Losses, Net

Net foreign exchange and derivative losses of US$97.5 million (2021: US$24.2 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, are analyzed as follows:

US$ millions	**2022**	2021
Subsidiary companies		
– Continuing operations (Note 5(A))	**(265.0)**	(30.8)
– A discontinued operation	**–**	0.1
	(265.0)	(30.7)
Associated companies and joint ventures	**(3.2)**	(8.2)
Subtotal (Note 4)	**(268.2)**	(38.9)
Attributable to taxation and non-controlling interests	**170.7**	14.7
Total	**(97.5)**	(24.2)

(B) Analysis of Non-recurring Items

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 2022, non-recurring losses of US$19.7 million mainly represent PLDT's accelerated depreciation for network assets (US$180.3 million) and manpower reduction costs (US$17.7 million) and the Group's impairment provisions for investments (US$51.6 million), partly offset by the reversal of impairment provisions for the Group's investments in PLP (US$92.0 million), PLDT's gains on tower sale (US$88.2 million) and prescription of redemption liability on preferred shares (US$27.6 million), and MPIC's gains on step acquisition of Landco (US$29.4 million).

For the year ended 31 December 2021, non-recurring losses of US$69.0 million mainly represented 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).

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 4,261.3 million (2021: 4,323.6 million) in issue less the weighted average number of ordinary shares held for a share award scheme of 5.6 million (2021: 6.4 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 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 awarded shares and share options of the Company, where applicable.

The calculations of basic and diluted earnings per share are based on:

US$ millions	**2022**	2021
Earnings		
Profit attributable to owners of the parent used in the basic and diluted earnings per share calculation		
– Continuing operations	**391.6**	300.5
– A discontinued operation	**–**	32.8
	391.6	333.3

	Number of shares	
Millions	**2022**	2021
Shares		
Weighted average number of ordinary shares issued during the year	**4,261.3**	4,323.6
Less: Weighted average number of ordinary shares held for a share award scheme	**(5.6)**	(6.4)
Weighted average number of ordinary shares used in the basic earnings per share calculation	**4,255.7**	4,317.2
Add: Dilutive impact of awarded shares on the weighted average number of ordinary shares	**5.0**	5.2
Add: Dilutive impact of share options on the weighted average number of ordinary shares	**0.1**	–(i)
Weighted average number of ordinary shares used in the diluted earnings per share calculation	**4,260.8**	4,322.4

(i) For the year ended 31 December 2021, 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	
	2022	2021	**2022**	2021
Interim	**1.35**	1.15	**56.9**	49.9
Proposed final/final	**1.47**	1.28	**62.5**	54.3
Total	**2.82**	2.43	**119.4**	104.2

The proposed final distribution for the year ended 31 December 2022 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 2022	669.7	37.4	1,425.3	3,558.7	1,221.9	92.2	**7,005.2**
Exchange translation	(59.7)	(3.7)	(107.8)	(255.8)	(119.3)	(8.3)	**(554.6)**
Additions	16.6	9.8	83.7	60.5	53.5	95.8	**319.9**
Step acquisition of a joint venture (Note 34(B))	–	0.2	0.1	0.3	–	–	**0.6**
Disposals	(3.7)	(0.5)	(3.7)	(34.2)	(8.2)	–	**(50.3)**
Reclassification	–	–	47.1	91.4	–	(138.5)	**–**
Assets reclassified to held for sale	–	–	(5.2)	(71.0)	–	–	**(76.2)**
At 31 December 2022	622.9	43.2	1,439.5	3,349.9	1,147.9	41.2	**6,644.6**
Accumulated Depreciation and Impairment							
At 1 January 2022	112.6	32.5	463.0	1,986.0	458.1	–	**3,052.2**
Exchange translation	(11.2)	(3.4)	(41.6)	(152.9)	(44.7)	–	**(253.8)**
Depreciation for the year (Note 5(C))	44.9	10.5	58.9	178.5	35.6	–	**328.4**
(Reversal of impairment)/impairment for the year (Note 5(A))	–	–	–	(151.7)	10.6	–	**(141.1)**
Disposals	(2.0)	(0.1)	(2.5)	(28.6)	(6.8)	–	**(40.0)**
Assets reclassified to held for sale	–	–	(5.2)	(54.5)	–	–	**(59.7)**
At 31 December 2022	144.3	39.5	472.6	1,776.8	452.8	–	**2,886.0**
Net Carrying Amount at 31 December 2022	478.6	3.7	966.9	1,573.1	695.1	41.2	**3,758.6**

US$ millions	Right-of-use assets 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 (Note 5(C))	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

On 31 December 2022, reversal of impairment losses of US$150.0 million were recognized in respect of the property, plant and equipment for PLP's power business. The recoverable amount of the power plant of US$441.1 million was determined based on a value in use calculation using a five-year period cash flow projection with a discount rate of 9.9%. The reversal of impairment losses reflects the significant improvement in PLP's operating results on (a) sustained healthy non-fuel margins on higher average selling price as a result of high oil prices and tight supply cushion from gas curtailment, and (b) higher sales volume from increased economic activity and electricity demand in Singapore. PLP's liquidity position also significantly improved and prepaid S$275.0 million of its long-term borrowings and paid S$135.0 million of dividends to its shareholders during the year ended 31 December 2022.

For the year ended 31 December 2022, impairment losses of US$10.6 million (2021: US$19.9 million) were recognized in respect of the Group's rubber plantations upon consideration of the market environment, conditions of the rubber plantations, and their production yield.

For the year ended 31 December 2021, impairment losses of US$14.1 million and US$12.6 million were also recognized in respect of the Group's property, plant and equipment for logistics and sugar businesses, respectively.

Property, plant and equipment with a net carrying amount of US$653.3 million (2021: US$584.1 million) were pledged as security for certain of the Group's banking facilities (Note 26(E)).

12. Biological Assets

	Timber plantations		Agricultural produce of bearer plants		Total	
US$ millions	**2022**	2021	**2022**	2021	**2022**	2021
At 1 January	**23.0**	22.2	**61.4**	55.7	**84.4**	77.9
Exchange translation	**(2.1)**	(0.3)	**(5.4)**	(0.6)	**(7.5)**	(0.9)
Additions	**0.1**	0.4	**14.6**	15.0	**14.7**	15.4
Decreases due to harvest	**–**	(0.1)	**(13.1)**	(15.8)	**(13.1)**	(15.9)
(Loss)/gain on changes in fair value of biological assets, net (Note 5(A))	**(0.5)**	0.8	**(8.6)**	7.1	**(9.1)**	7.9
At 31 December	**20.5**	23.0	**48.9**	61.4	**69.4**	84.4
Presented as:						
Non-current Portion	**20.5**	23.0	**–**	–	**20.5**	23.0
Current Portion	**–**	–	**48.9**	61.4	**48.9**	61.4
Total	**20.5**	23.0	**48.9**	61.4	**69.4**	84.4

(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, located at Jalan Musi No.38, Central Jakarta, 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 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 approximately eight years from initial planting.

(b) The discount rate used represents the asset specific rate for the Group's timber plantations which is applied in the discounted future cash flows calculation.

(c) The projected selling price of logs over the projection period are based on average selling price of the produce which is extrapolated based on changes of plywood log market price.

(C) FFB and latex – Key assumptions applied in determining the fair values of FFB and latex are as follows:

(a) Actual 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 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 actual 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.

(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 of subsequent harvest as of the reporting date.

(b) The discount rate used represents the asset specific rate for the oil palm seeds 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 latex are determined at Level 2 of the fair value hierarchy based on the applicable market prices applied to the actual volume of the produce harvested after the reporting date, 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 2022 and 2021, 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: 11.7% (2021: 10.6%) Sugar cane: 10.9% (2021: 9.9%) Oil palm seeds: 14.2% (2021: 10.6%)	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 561,739/m^3 – Rupiah 3,114,976/m^3 (US$35.7/m^3 – US$198.0/m^3) (2021: Rupiah 544,065/m^3 – Rupiah 3,067,911/m^3 (US$38.1/m^3 – US$215.0/m^3)) Sugar cane: Rupiah 624,754/tonne (US$39.7/tonne) (2021: Rupiah 550,949/tonne (US$38.6/tonne)) Oil palm seeds: Rupiah 8,800/piece – Rupiah 9,000/piece (US$0.56/piece – US$0.57/piece) (2021: Rupiah 8,800/piece – Rupiah 9,000/piece (US$0.62/piece – US$0.63/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: 88 m^3/hectare (2021: 87 m^3/hectare) Sugar cane: 74 tonnes/hectare (2021: 75 tonnes/hectare) Oil palm seeds: 871 pieces/bunch (2021: 805 pieces/bunch)	An increase/a decrease in production yields would result in an increase/a decrease in the fair value of biological assets.
Exchange rate	Rupiah 14,500/US$1 – Rupiah 14,800/US$1 (2021: Rupiah 13,900/US$1 – Rupiah 14,350/US$1)	An appreciation/a depreciation in the exchange rate of the rupiah against the US$ would result in a decrease/an increase in the fair value of biological assets.
Inflation rate	3.0% – 3.6% (2021: 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 (2021: 2035 and 2049). The total area of timber plantations as at 31 December 2022 was 15,575 hectares (2021: 15,466 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	**2022**	2021
FFB	Thousand tonnes	**2,812**	2,761
Latex	Thousand tonnes	**5**	6
Sugar cane	Thousand tonnes	**890**	914
Oil palm seeds	Million pieces	**10.8**	6.9

13. Associated Companies and Joint Ventures

	Associated companies		**Joint ventures**		**Total**	
US$ millions	**2022**	2021	**2022**	2021	**2022**	2021
Shares, at cost						
– Listed	**5,180.4**	5,230.5	**–**	–	**5,180.4**	5,230.5
– Unlisted	**1,211.0**	1,020.4	**139.2**	234.1	**1,350.2**	1,254.5
Share of post-acquisition reserves (Note 31)	**(1,219.8)**	(1,162.6)	**2.4**	(56.2)	**(1,217.4)**	(1,218.8)
Amount due from an associated company	**3.0**	–	**–**	–	**3.0**	–
Total	**5,174.6**	5,088.3	**141.6**	177.9	**5,316.2**	5,266.2

(A) At 31 December 2022 and 2021, both the listed and unlisted investments were located outside Hong Kong.

(B) At 31 December 2022, the aggregate market value of listed investments in associated companies was US$4,393.5 million (2021: US$5,239.6 million) based on quoted market prices. The dividends received from associated companies during the year ended 31 December 2022 amounted to US$279.2 million (2021: US$230.3 million).

(C) Additional details of the Group's major associated companies, PLDT and Philex, are set out on pages 230 and 231.

(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 64 years at the deposit at Padcal (Tuba Benguet Province, Island of Luzon) 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 was completed in July 2019. The Silangan Project commenced its pre-development works in March 2022 under the In-Phase mine plan with initial development cost for the Boyongan deposit of US$224 million. 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 engages in the power generation business through its wholly owned subsidiary, MGen. MGen owns 100% interest of GBPC, the largest independent power producer in the Visayas since 31 March 2021, and has combined direct and indirect interests of 58% in PLP. In August 2022, MPIC acquired additional 2% interest in Meralco and the economic interests increased to 47.5% from 45.5%. The Group continues to account for Meralco as an associated company after the said transaction as significant influence remains.

(G) MPH 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. MPH 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) For the year ended 31 December 2022, impairment losses of US$86.1 million (2021: US$29.1 million) are recognized mainly relates to MPIC's investment in PCSPC, a joint venture, in view of the underperformed targets for the past two years (2021: mainly related to MPIC's advances to Landco as the recoverability is in doubt based on historical record).

(I) The Group's associated companies and joint ventures are involved in certain legal, contractual and regulatory matters arising from the ordinary course of business. The management of the associated companies and joint ventures, together with their legal counsels, reassess these matters regularly to consider any new relevant information and estimates.

(J) Additional financial information under HKFRSs and adjusted for any differences in Group's accounting policies in respect of the Group's major associated companies measured using the equity method, PLDT, Philex, Meralco and MPH, is set out below.

	PLDT		Philex		Meralco		MPH	
For the year ended/at 31 December US$ millions	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021
Statements of Comprehensive Income								
Turnover	**3,768.0**	3,915.3	**170.0**	198.5	**7,830.5**	6,453.5	**367.3**	411.1
Profit for the year	**197.1**	540.4	**33.0**	49.3	**524.8**	487.9	**20.8**	36.5
Other comprehensive (loss)/income	**(4.7)**	(74.0)	**4.7**	2.5	**75.2**	141.6	**–**	–
Total Comprehensive Income	**192.4**	466.4	**37.7**	51.8	**600.0**	629.5	**20.8**	36.5
Dividends Received	**117.0**	91.5	**2.2**	2.8	**153.2**	133.8	**–**	–
Statements of Financial Position								
Current assets	**1,458.6**	1,484.5	**115.2**	112.2	**2,767.0**	2,686.6	**227.7**	162.6
Non-current assets	**9,735.1**	10,821.2	**660.6**	708.5	**6,545.4**	6,890.4	**595.3**	647.0
Current liabilities	**(4,428.4)**	(4,399.0)	**(85.3)**	(261.3)	**(4,026.2)**	(3,168.0)	**(158.8)**	(145.6)
Non-current liabilities	**(4,721.5)**	(5,463.7)	**(136.9)**	(35.9)	**(3,060.4)**	(4,268.7)	**(118.1)**	(143.3)
Non-controlling interests	**(93.9)**	(86.2)	**–**	–	**(259.1)**	(200.8)	**(119.7)**	(124.2)
Net Assets	**1,949.9**	2,356.8	**553.6**	523.5	**1,966.7**	1,939.5	**426.4**	396.5

Reconciliation to Carrying Amounts of the Group's Interests in the Major Associated Companies

At 31 December US$ millions	PLDT 2022	 2021	Philex 2022	 2021	Meralco 2022	 2021	MPH 2022	 2021
Net assets	**1,949.9**	2,356.8	**553.6**	523.5	**1,966.7**	1,939.5	**426.4**	396.5
Economic interest	**25.6%**	25.6%	**46.2%**	46.2%	**47.5%**	45.5%	**20.0%**	20.0%
Group's share of net assets	**499.2**	603.3	**255.7**	241.9	**933.4**	881.7	**85.3**	79.3
Goodwill and other adjustments	**582.0**	599.2	**(64.4)**	(63.9)	**1,777.2**	1,830.6	**222.7**	252.7
Carrying Amount of the Investment	**1,081.2**	1,202.5	**191.3**	178.0	**2,710.6**	2,712.3	**308.0**	332.0
Quoted Fair Value of the Investment	**1,304.8**	1,962.8	**145.6**	243.8	**2,866.7**	2,966.0	**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.

For the year ended 31 December US$ millions	Associated companies 2022	 2021	Joint ventures 2022	 2021
Share of profit/(loss) for the year	**19.5**	10.6	**(1.1)**	4.0
Share of other comprehensive (loss)/income	**(9.1)**	14.5	**66.6**	(33.6)
Share of Total Comprehensive Income/(Loss)	**10.4**	25.1	**65.5**	(29.6)
Aggregate Carrying Amount of the Group's Investments	**883.5**	663.5	**141.6**	177.9

14. Goodwill

US$ millions	2022	2021
Cost		
At 1 January	**4,835.5**	4,920.2
Exchange translation	**(419.0)**	(84.7)
At 31 December	**4,416.5**	4,835.5
Accumulated Impairment		
At 1 January	**536.5**	553.9
Exchange translation	**(20.1)**	(20.2)
Impairment for the year (Note 5(A))	**7.0**	2.8
At 31 December	**523.4**	536.5
Net Carrying Amount at 31 December	**3,893.1**	4,299.0
Attributable to the Businesses of:		
Indofood – Noodles	**3,320.2**	3,660.4
– Plantations	**194.0**	221.2
– Dairy	**101.9**	112.3
MPIC – Toll roads	**264.0**	288.6
Others	**13.0**	16.5
Total	**3,893.1**	4,299.0

(A) Goodwill is allocated to the Group's CGUs identified according to the reportable segments. Goodwill at 31 December 2022 and 2021 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 five years (2021: five years) (for the established plantations and dairy companies) up to 10 years (2021: 10 years) (for the noodles business and plantation estates in early development stage) for Indofood's businesses, and 15 to 26 years (2021: seven to 27 years) of the remaining concession lives for MPIC's toll roads business. The discount rates applied to cash flow projections range from 6.4% to 20.5% (2021: 4.8% to 23.2%) for Indofood's businesses, and 13.4% to 14.7% (2021: 12.1% to 16.7%) for MPIC's toll roads business. The discount rates used are pre-tax and reflect specific risks relating to the relevant businesses.

In the assessment of the recoverable amount of Indofood's noodles 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 for Indofood's noodles business is more than five years, considering the noodles businesses are in the development stage in the countries (mainly the Middle East, Africa and Southeastern Europe) where Pinehill operates. The cash flows beyond the projection periods are extrapolated using an estimated terminal growth rate ranging from 2% to 7% (2021: 0% to 5%) which does not exceed the long-term average growth rate of the industry where Pinehill operates.

In the assessment of the recoverable amount of Indofood's plantations 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 plantations 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 rate at 5.3% (2021: 5.5%) 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% (2021: 4.0%) 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 roads businesses, their values in use were calculated based on their cash flow projections as per the most recent financial budgets and forecasts, which management believes are reasonable and are management's best estimates of the ranges of economic conditions that will exist over the forecast period. The forecasted periods are more than five years as management can reliably estimate the cash flows for their entire concession periods. The cash flows during the projection periods are derived using estimated average growth rates ranging from 2.0% to 8.0% (2021: 1.0% to 7.0%) which do not exceed the long-term average growth rates of the industries in the Philippines and Indonesia where the businesses operate.

Changes to the assumptions used by management to determine the recoverable amounts, in particular the discount and growth rates, can have a significant impact on the results of the assessment. Management is of the opinion that no reasonably possible change in any of the key assumptions stated above would cause the carrying amounts of the goodwill for each of the CGUs to materially exceed the recoverable amounts.

For the year ended 31 December 2022, the Group recognized an aggregate impairment loss of US$7.0 million, mainly relating to IndoAgri's investment in PT Sarana Inti Pratama, which owns and operates seedling research facilities (2021: 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), 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 2022	3,196.8	3,272.3	759.9	283.7	95.7	11.0	16.1	22.6	**7,658.1**
Exchange translation	(279.1)	(288.4)	(67.0)	(26.3)	(8.9)	(0.9)	0.1	(1.3)	**(671.8)**
Additions	301.9	347.3	87.3	–	–	–	–	3.6	**740.1**
Disposals	–	–	–	–	–	–	–	(1.4)	**(1.4)**
At 31 December 2022	3,219.6	3,331.2	780.2	257.4	86.8	10.1	16.2	23.5	**7,725.0**
Accumulated Amortization and Impairment									
At 1 January 2022	976.7	254.1	117.4	192.6	37.4	11.0	12.7	15.6	**1,617.5**
Exchange translation	(85.9)	(22.5)	(11.5)	(18.5)	(3.5)	(0.9)	0.2	(0.8)	**(143.4)**
Amortization for the year (Note 5(C))	86.8	34.1	2.1	13.0	0.5	–	2.5	1.1	**140.1**
Impairment for the year (Note 5(A))	20.4	–	56.7	–	–	–	–	–	**77.1**
At 31 December 2022	998.0	265.7	164.7	187.1	34.4	10.1	15.4	15.9	**1,691.3**
Net Carrying Amount at 31 December 2022	2,221.6	3,065.5	615.5	70.3	52.4	–	0.8	7.6	**6,033.7**

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 (Note 5(C))	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

(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 and payable for expansion projects and capitalized borrowing costs.

During the year ended 31 December 2022, impairment loss of US$20.4 million (2021: US$15.1 million) was recognized to fully write off PNW's concession assets due to insolvency (2021: COVID-19 suppressed water demand).

Details of the concession right granted to Maynilad is described below.

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 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 Form 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 RCA which confirmed its concession period until 31 July 2037 and certain amendments were made. The RCA will only take effect upon compliance with all the conditions precedent, including but not limited to, the receipt of letter of undertaking from the Philippine government. 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.

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 and Maynilad formally accepted the terms of the franchise on 21 March 2022.

On 30 June 2022, Maynilad received a letter of undertaking from the Philippine government. However, the letter does not conform to the agreed form in the RCA, and Maynilad wrote a letter to MWSS that accordingly the RCA was not yet effective and thus Maynilad still operate under the old concession agreement. As at the date of these financial statements, the RCA has not been effective as the letter of undertaking in agreed form is still not issued by the Philippine government.

On 30 January 2023, Water Concessionaire Revenue Committee informed Maynilad of further amendments of the RCA, which includes (a) reinstatement of foreign currency differential adjustment for MWSS loans and all principal amount of Maynilad loans existing as of 29 June 2022; and (b) increase the cap of annual inflation factor to three-fourths from two-thirds of the consumer price index.

(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 Makassar Metro Network ("PT MMN", previously known as PT Bosowa Marga Nusantara) in respect of Ujung Pandang Section I and II Toll Road, and (g) PT Bintaro Serpong Damai ("PT BSD") in respect of Pondok Aren – Serpong Toll Road during their concession periods.

Additions to the concession assets for toll roads include payments for both ongoing construction costs, pre-construction costs for various toll road projects and payable for new projects.

Details of the concession rights granted to NLEX Corporation, CIC, MPCALA, CCLEC and PT MMN are described below.

(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 hand over 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 20.2 billion (US$362.3 million), commenced construction in February 2019 and is expected to be completed by 2023. At 31 December 2022, construction activities for the Connector Road Project are still in progress with completion rate of 98%.

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. In August 2022, a new 1.6-kilometer flyover extension was opened which further extend the existing 2.2-kilometer flyover that spans from Merville to Taguig.

(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, with 20% of Pesos 5.5 billion (US$120.6 million) 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 2024. In October 2019, the first 10.7-kilomter section of the CALAX, a portion of the CALAX Laguna Segment, was opened. On 7 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 2024.

(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). 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 and completed the project in April 2022. On 27 April 2022, the grantors approved the extension of the concession period for another 10 years to 2063.

(g) PT MMN's Ujung Pandang Section, I and II Toll Road
On 31 August 2010, PT MMN, a subsidiary company of PT Nusantara, entered into a toll road concession agreement with The Toll Road Authority of Indonesia ("BPJT") of Department of Public Works of Indonesia ("DPU"). Under the concession agreement, BPJT appointed and granted PT MMN rights to operate Ujung Pandang Sections I and II Toll Road with a concession period until 12 April 2028. On 23 October 2017, PT MMN 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.

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.

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 ("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.

On 1 January 2022, NLEX Corporation received TRB's approval on toll rate adjustments for NLEX which should have been effective from 1 January 2017. NLEX Corporation implemented the toll rate adjustments on 12 May 2022.

On 21 April 2022, CIC received TRB's approval on toll rate adjustments for CAVITEX's R-1 Expressway which should have been effective from 1 January 2012 and 1 January 2015. CIC implemented the toll rate adjustments on 22 May 2022.

On 22 April 2022, NLEX Corporation received TRB's approval on toll rate adjustments for SCTEX which should have been effective from 1 January 2017. NLEX Corporation implemented the toll rate adjustments on 1 June 2022.

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 2019, 1 January 2021 and 1 January 2023 for NLEX, 1 January 2021 and 1 January 2023 for SCTEX, 1 January 2018 and 1 January 2021 for CAVITEX's R-1 Expressway, and 1 January 2018 and 1 January 2021 for CAVITEX's R-1 Extension. 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 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 structural defect restoration ("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 2022, 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 2022, construction activities for LRT1 Cavite Extension project are still in progress with completion rate of 78%.

During the year ended 31 December 2022, impairment loss of US$56.7 million (2021: US$121.3 million) was recognized in respect of the concession assets of LRT1 Project. The impairment loss arose mainly due to the delay in tariff adjustments as stipulated in the concession agreement.

(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.

(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 (2021: 10 years) and five years for the licenses (2021: five 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 10.6% to 12.0% (2021: 10.4% to 12.6%), 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% (2021: 5.0%) which does not exceed the long-term average growth rate of the industry in Indonesia where the businesses operate.

(F) Customer list and licenses – Wastewater and sewage treatment represents ESTII's customer relationship, contracts and licenses for intellectual property rights over patents and utility models.

During the year ended 31 December 2021, full 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 lives 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 lives 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 26 years subsequent to the completion of its construction expected in 2024
	– CCLEX	Remaining concession life of 41 years subsequent to the completion of its construction in 2022
	– PT JTSE	Remaining concession life of 23 years since acquisition in 2018
	– PT MMN	Remaining concession life of 25 years since acquisition in 2018
	– PT BSD	Remaining concession life of 22 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 in 2022 and 23 years subsequent to the completion of its construction of the LRT1 Extension expected in 2024
Brands – Dairy		20 years
Brands, networks and licenses – Packaged drinking water		Indefinite
Customer list and licenses – Wastewater and sewage treatment		20 years
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	
	2022	2021	**2022**	2021	**2022**	2021
Carrying value (US$ millions)	**1,183.4**	1,592.7	**473.7**	759.9	**18.6**	58.9
Net carrying amount (US$ millions)	**812.2**	1,203.8	**413.0**	575.1	**18.6**	37.5
Average growth rate (%)	**2.1 to 10.8**	5.4 to 12.4	**2.0**	4.8	**8.3**	7.6 to 9.2
Average forecast period (years)	**25 to 34**	26 to 35	**25**	26	**32**	24 to 33
Pre-tax discount rate (%)	**14.5 to 15.9**	11.0 to 12.3	**13.3**	11.4	**13.2**	11.1 to 11.4

At 31 December 2022, the aggregate capitalized costs of these intangible assets of US$1,675.7 million (2021: US$2,411.5 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 2022 and 2021, 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	**2022**	2021
At 1 January	**11.1**	9.3
Exchange translation	**(1.1)**	(0.6)
Additions	**0.5**	–
Step acquisition of a joint venture (Note 34(B))	**5.7**	–
Gain on changes in fair value of investment properties	**1.4**	0.4
Reclassification[(i)]	**–**	2.0
At 31 December	**17.6**	11.1

(i) Reclassification from property, plant and equipment.

The Group's investment properties comprise lands being leased out under operating leases to earn rental income and vacant land held for the purpose of capital appreciation. The fair values of the investment properties are measured annually using the market comparison approach by reference to recent sales and other market data of comparable properties which are 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 2022, land included in investment properties with an aggregate carrying amount of US$8.7 million (2021: US$3.0 million) was right-of-use assets.

17. Accounts Receivable, Other Receivables and Prepayments

US$ millions	2022	2021
Accounts receivable	**738.7**	732.6
Other receivables	**468.1**	590.2
Prepayments	**71.9**	60.5
Total	**1,278.7**	1,383.3
Presented as:		
Non-current Portion	**89.2**	55.5
Current Portion	**1,189.5**	1,327.8
Total	**1,278.7**	1,383.3

(A) The carrying amounts of accounts receivable and other receivables approximate their fair values.

(B) At 31 December 2022, included in other receivables was US$51.0 million (2021: US$23.5 million) of unbilled revenue arising from the Group's provision of services and sale of real estate under the infrastructure segment. The increase was mainly due to MPIC's step acquisition of Landco.

The expected timing of recovery or settlement for contract assets as at 31 December is as follows:

US$ millions	2022	2021
Within one year	**26.5**	23.5
After one year	**24.5**	–
Total	**51.0**	23.5

(C) An aging profile based on the invoice dates of accounts receivable, net of loss allowance, is analyzed below:

US$ millions	2022	2021
0 to 30 days	**611.9**	550.8
31 to 60 days	**57.6**	96.9
61 to 90 days	**30.5**	32.3
Over 90 days	**38.7**	52.6
Total	**738.7**	732.6

(D) The movements in the loss allowance for impairment of accounts receivable are as follows:

US$ millions	2022	2021
At 1 January	**38.4**	41.7
Exchange translation	**(3.1)**	(1.9)
Amount written off as uncollectible	**(0.9)**	(4.5)
Charge for the year (Note 5(C))	**4.4**	3.1
At 31 December	**38.8**	38.4

(E) An impairment analysis is performed using a provision matrix to measure expected credit losses for accounts receivable and contract assets attributable to the consumer food products business and infrastructure business. 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				**2022**
Consumer Food Products Business	Current	0 to 30 days	31 to 60 days	61 to 90 days	Over 90 days	**Total**
Expected credit loss rate	0%	0.6%	1.6%	1.8%	50.2%	**2.4%**
Gross carrying amounts (US$ millions)						
– accounts receivable	444.8	49.3	24.5	5.7	24.7	**549.0**
Expected credit losses (US$ millions)	0.1	0.3	0.4	0.1	12.4	**13.3**

		Past due				**2022**
Infrastructure Business	Current	0 to 30 days	31 to 60 days	61 to 90 days	Over 90 days	**Total**
Expected credit loss rate	0.2%	2.5%	8.1%	7.9%	53.8%	**9.1%**
Gross carrying amounts (US$ millions)						
– accounts receivable	146.6	23.7	8.6	6.3	43.3	**228.5**
– contract assets	51.0	–	–	–	–	**51.0**
Expected credit losses (US$ millions)	0.4	0.6	0.7	0.5	23.3	**25.5**

		Past due				2021
Consumer Food Products Business	Current	0 to 30 days	31 to 60 days	61 to 90 days	Over 90 days	Total
Expected credit loss rate	0%	0.2%	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				2021
Infrastructure Business	Current	0 to 30 days	31 to 60 days	61 to 90 days	Over 90 days	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

(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$183.0 million (2021: US$151.5 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	**2022**	2021
Listed investments, at fair value:		
– Equity investments – Overseas	**310.9**	328.4
Unlisted investments, at fair value:		
– SMECI's notes	**114.8**	121.7
– Equity investments – Overseas	**98.6**	30.7
– Investment funds – Overseas	**62.0**	80.8
– Club debentures – Hong Kong	**4.8**	4.5
Total	**591.1**	566.1
Presented as:		
Non-Current Portion	**527.0**	361.1
Current Portion	**64.1**	205.0
Total	**591.1**	566.1

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 2022 amounted to US$15.8 million (2021: US$13.1 million) (Note 5(A)).

On 7 December 2022, Asia Link B.V. ("ALBV"), a wholly-owned subsidiary company of the Company, entered into a supplementary agreement to extend the SMECI's notes for three years with effect from 19 December 2022 until 18 December 2025. See Note 38(G) for details.

The fair values of the listed equity investments are based on quoted market prices. The fair value of the unlisted investment funds are estimated by reference to valuations of the underlying assets supplied by independent sources. The fair values of the unlisted SMECI's notes, unlisted equity investments and club debentures have been estimated by discounted cash flow models or by reference to recent market transaction prices. 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 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
At 1 January 2022	13.4	7.4	63.2	3.0	**87.0**
Exchange translation	0.6	(0.7)	(4.3)	(0.4)	**(4.8)**
Credited/(charged) to the consolidated income statement	14.4	1.0	(6.7)	6.0	**14.7**
(Charged)/credited to other comprehensive income	–	–	(4.0)	3.3	**(0.7)**
At 31 December 2022	**28.4**	**7.7**	**48.2**	**11.9**	**96.2**

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 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)
At 1 January 2022	(152.8)	(12.6)	(19.4)	(76.9)	(115.1)	**(376.8)**
Exchange translation	14.1	1.1	1.7	4.1	6.3	**27.3**
Step acquisition of a joint venture (Note 34(B))	(4.5)	–	–	–	(2.8)	**(7.3)**
(Charged)/credited to the consolidated income statement	(43.7)	1.0	1.9	(37.9)	24.5	**(54.2)**
Credited to other comprehensive income	–	–	–	–	6.6	**6.6**
Other movements	–	–	–	1.7	–	**1.7**
At 31 December 2022	**(186.9)**	**(10.5)**	**(15.8)**	**(109.0)**	**(80.5)**	**(402.7)**

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 has 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 have 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$51.9 million at 31 December 2022 (2021: US$52.1 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$292.3 million (2021: US$367.3 million), the Philippines of US$400.4 million (2021: US$678.4 million) and Indonesia of US$30.4 million (2021: US$53.5 million) that may be carried forward indefinitely for Singapore, three years for the Philippines (except for tax losses in 2021 and 2022 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. Other Non-current Assets

US$ millions	**2022**	2021
Deposits for acquisition of property, plant and equipment	**169.6**	201.0
Prepayments	**116.2**	166.8
Plasma receivables	**60.0**	92.6
Deferred project costs	**27.1**	22.1
Long-term deposits	**16.6**	14.6
Claims for tax refund	**8.4**	6.4
Others	**157.3**	159.5
Total	**555.2**	663.0

(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 financed by Indofood (awaiting bank's funding) 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.

21. Cash and Cash Equivalents and Short-term Deposits

US$ millions	2022	2021
Cash at banks and on hand	**2,088.4**	2,252.1
Short-term time deposits	**532.2**	957.2
Total	**2,620.6**	3,209.3

(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$41.5 million (2021: US$44.3 million) were charged to banks in accordance with the terms of certain of the Group's banking facilities (Note 26(E)).

22. Restricted Cash

At 31 December 2022, the Group's restricted cash balance mainly represents cash of US$89.4 million (2021: US$41.3 million) set aside mainly to cover principal and interest payments of certain borrowings in compliance with loan agreements, and US$19.1 million (2021: US$12.1 million) held under margin accounts by brokers against open futures contracts for hedging purpose.

23. Inventories

US$ millions	2022	2021
Raw materials	**706.0**	588.2
Work in progress	**14.9**	17.0
Finished goods	**378.1**	344.9
Real estate for sale	**37.8**	–
Total	**1,136.8**	950.1

(A) At 31 December 2022, inventories with an aggregate carrying amount of US$110.4 million (2021: US$119.7 million) were carried at net realizable value.

(B) During the year ended 31 December 2022, write-downs of inventories to net realizable value amounted to US$12.5 million (2021: US$7.0 million) (Note 5(C)).

(C) At 31 December 2022, inventories with an aggregate carrying amount of US$22.6 million (2021: US$21.3 million) were pledged as security for certain of the Group's banking facilities (Note 26(E)).

24. Assets Classified as Held for Sale

The balances at 31 December 2022 represented the carrying amounts of RHI's sugar milling assets in Batangas.

25. Accounts Payable, Other Payables and Accruals

US$ millions	2022	2021
Accounts payable	**585.2**	563.7
Accrued expenses	**723.3**	691.7
Other payables	**428.8**	405.5
Total	**1,737.3**	1,660.9

The aging profile based on the invoice dates of accounts payable is analyzed as follows:

US$ millions	2022	2021
0 to 30 days	**488.9**	466.8
31 to 60 days	**24.0**	18.9
61 to 90 days	**25.3**	20.9
Over 90 days	**47.0**	57.1
Total	**585.2**	563.7

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	2022	2021
Short-term					
Bank loans	0.4–10.4 (2021: 0.3–8.8)	2023 (2021: 2022)	(A)	**1,466.6**	1,505.6
Other loans	4.7 (2021: 8.8)	2023 (2021: 2022)	(B)	**357.7**	140.1
Subtotal				**1,824.3**	1,645.7
Long-term					
Bank loans	1.4–10.4 (2021: 1.3–8.8)	2024–2037 (2021: 2023–2037)	(A)	**6,164.5**	5,880.0
Other loans	3.4–6.9 (2021: 3.5–4.8)	2024–2052 (2021: 2023–2052)	(C)	**3,233.5**	3,602.7
Subtotal				**9,398.0**	9,482.7
Total				**11,222.3**	11,128.4

The maturity profile of the Group's borrowings is as follows:

	Bank loans		Other loans		Total	
US$ millions	2022	2021	2022	2021	2022	2021
Not exceeding one year	**1,466.6**	1,505.6	**357.7**	140.1	**1,824.3**	1,645.7
More than one year but not exceeding two years	**950.1**	403.4	**46.6**	357.1	**996.7**	760.5
More than two years but not exceeding five years	**2,135.5**	2,353.3	**419.9**	128.6	**2,555.4**	2,481.9
More than five years	**3,078.9**	3,123.3	**2,767.0**	3,117.0	**5,845.9**	6,240.3
Total	**7,631.1**	7,385.6	**3,591.2**	3,742.8	**11,222.3**	11,128.4

The carrying amounts of the borrowings are denominated in the following currencies:

US$ millions	2022	2021
U.S. dollar	**4,644.4**	4,696.6
Peso	**4,702.2**	4,390.1
Rupiah	**1,536.3**	1,470.5
S$	**254.8**	459.8
Others	**84.6**	111.4
Total	**11,222.3**	11,128.4

An analysis of the carrying amounts of borrowings into fixed and variable interest rates is as follows:

US$ millions	2022	2021
Fixed interest rate	**7,979.5**	7,853.2
Variable interest rate	**3,242.8**	3,275.2
Total	**11,222.3**	11,128.4

An analysis of the carrying amounts of secured and unsecured borrowings is as follows:

US$ millions	2022	2021
Secured	**1,932.8**	1,816.0
Unsecured	**9,289.5**	9,312.4
Total	**11,222.3**	11,128.4

The carrying amounts and fair values of the non-current portion of long-term borrowings are as follows:

	Carrying amounts		Fair values	
US$ millions	2022	2021	2022	2021
Bank loans	**6,164.5**	5,880.0	**5,799.9**	5,950.4
Other loans	**3,233.5**	3,602.7	**2,487.8**	3,724.6
Total	**9,398.0**	9,482.7	**8,287.7**	9,675.0

The fair values are based on published price quotations for listed bonds issued by the Group and projected cash flows discounted using borrowing rates ranging from 2.3% to 8.0% (2021: 1.1% to 11.8%) 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) Bank Loans

The current and non-current balances as at 31 December 2022 included unsecured bank loans of US$5.0 million (with a face value of US$5.0 million) (2021: nil), and US$747.8 million (with a face value of US$755.0 million) (2021: US$729.8 million (with a face value of US$735.0 million)), respectively, drawn for refinancing purpose by wholly-owned subsidiary companies of the Company, guaranteed by the Company, which are repayable between August 2023 and June 2029 (2021: between May 2024 and June 2029).

(B) Short-term Other Loans

The balance as at 31 December 2022 represented unsecured bonds of US$357.7 million (with a face value of US$357.8 million) (2021: US$357.1 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. The bonds were classified under long-term other loans as at 31 December 2021.

During the year ended 31 December 2021, 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.

The balance as at 31 December 2021 represented unsecured Rupiah bonds of Rupiah 2.0 trillion (US$140.1 million) issued by Indofood in May 2017, with a coupon rate of 8.7% per annum, are payable quarterly, and were matured in May 2022.

(C) Long-term Other Loans

The balance at 31 December 2022 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$348.5 million (with a face value of US$350.0 million) (2021: US$348.3 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.

(b) Unsecured bonds of US$1,141.4 million (with a face value of US$1,150.0 million) (2021: US$1,140.8 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.

(c) Unsecured bonds of US$595.5 million (with a face value of US$600.0 million) (2021: US$594.9 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.

(d) Unsecured bonds of US$596.7 million (with a face value of US$600.0 million) (2021: US$596.5 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.

(e) Unsecured bonds of US$397.9 million (with a face value of US$400.0 million) (2021: US$397.6 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.

(f) Unsecured Peso bonds of Pesos 2.6 billion (US$46.6 million) (2021: US$50.7 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.

(g) Unsecured Peso bonds of Pesos 4.0 billion (US$71.3 million) (2021: US$77.8 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.

(h) Unsecured Peso bonds of Pesos 2.0 billion (US$35.7 million) (2021: US$39.0 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.

(D) Current Portion of Long-term Borrowings

The balance of short-term borrowings also included:

(a) Current portion of long-term borrowings of US$854.6 million (2021: US$693.6 million).

(b) At 31 December 2021, US$13.2 million long-term borrowing of MPT South Management Corporation ("MPTSMC"), a wholly-owned subsidiary of MPTC, was reclassified as current liability as MPTSMC did not meet the minimum debt-to-equity ratio and debt service coverage ratio set out in its loan agreement. MPTSMC subsequently received a waiver on 18 January 2022.

(E) Charges on Group Assets

At 31 December 2022, certain bank and other borrowings were secured by the Group's property, plant and equipment, accounts and other receivables, cash and cash equivalents, and inventories amounting to net book values of US$900.4 million (2021: US$801.1 million) and the interests of the Group's 70% (2021: 70%) in PLP, 55% (2021: 55%) in LRMC, 100% (2021: 100%) in MPCALA, 100% (2021: 100%) in CCLEC, 35% (2021: 35%) in PT Jakarta Lingkar Baratsatu, 88.9% (2021: 88.9%) in PT BSD, 99.5% (2021: 99.5%) in PT MMN, 99.4% (2021: 99.4%) in PT JTSE, 61.2% (2021: 61.2%) in PT Inpola Meka Energi, and 40.0% (2021: nil) in JJC.

27. Provision for Taxation

US$ millions	**2022**	2021
At 1 January	**147.9**	180.6
Exchange translation	**(13.7)**	(2.9)
Provision for taxation on estimated assessable profits for the year	**283.8**	289.8
Taxes paid	**(284.0)**	(319.6)
Step acquisition of a joint venture (Note 34(B))	**0.5**	–
At 31 December	**134.5**	147.9

An analysis of the taxes paid for the years ended 31 December 2022 and 2021 by geographical market is set out below:

US$ millions	**2022**	2021
Indonesia	**183.7**	223.2
The Philippines	**72.8**	63.8
Others	**27.5**	32.6
Total	**284.0**	319.6

28. Deferred Liabilities, Provisions and Payables

US$ millions	Lease liabilities	Long-term liabilities	Pension	Loans from non-controlling shareholders	Others	**2022**	2021
At 1 January	52.3	1,287.5	451.0	169.2	679.6	**2,639.6**	2,705.2
Exchange translation	(2.1)	(47.7)	(38.6)	(8.0)	(47.4)	**(143.8)**	(79.1)
Additions	29.1	14.4	38.0	–	105.3	**186.8**	350.0
Payment and utilization	(39.0)	(702.6)	(101.7)	(113.5)	(108.5)	**(1,065.3)**	(336.5)
Step acquisition of a joint venture (Note 34(B))	0.2	–	–	–	11.7	**11.9**	–
At 31 December	40.5	551.6	348.7	47.7	640.7	**1,629.2**	2,639.6
Presented as:							
Non-current Portion	28.2	528.5	348.7	38.2	273.1	**1,216.7**	1,469.3
Current Portion	12.3	23.1	–	9.5	367.6	**412.5**	1,170.3
Total	40.5	551.6	348.7	47.7	640.7	**1,629.2**	2,639.6

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) MPCALA's concession fees payable to the Philippine government in respect of CALAX; (b) NLEX Corporation's concession fees payable to the Philippine government in respect of Connector Road; (c) Maynilad's concession fees payable to MWSS; (d) LRMC's concession fees payable to the Philippine government in respect of LRT1; (e) MPIWI's concession fees payable to the Philippine government in respect of Metro Iloilo Water District; (f) MPDW's concession fees payable to the Philippine government in respect of Dumaguete City Water District; and (g) MUN's earn-out payment for its acquisition of 40% interest in JJC. In respect of MUN's earn-out payment, under the sale and purchase agreement, an earn-out payment up to Rupiah 359 billion (US$24.1 million) shall be paid subject to pre-agreed target level of tariff adjustment with a long-stop date of 31 December 2024. The earn-out payment was initially recognized at fair value at the acquisition date and subsequently remeasured at FVPL. At 31 December 2022, the fair value of the earn-out payment was Rupiah 190 billion (US$12.1 million).

The balance as at 31 December 2021 also included ICBP's retention amount payable for its acquisition of 100% interest in Pinehill in August 2020. The guaranteed profit was met, i.e., the actual average audited consolidated net profit after tax of Pinehill for the years ended 31 December 2020 and 2021, was not less than 95% of the guaranteed profit of US$128.5 million, and ICBP settled the retention amount of US$650 million in full in April 2022.

In respect of the disputed amounts between Maynilad and MWSS, no final resolution has been reached at 31 December 2022.

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 and interest bearing loans provided by non-controlling shareholders of subsidiary companies of IndoAgri and Pinehill. The balance as at 31 December 2021 also included loan from non-controlling shareholder of FPM Power of US$113.5 million which was unsecured and non-interest bearing.

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 MPH and GBPC in December 2019 and March 2021, respectively; (e) contract liabilities; (f) contractual obligations of NLEX Corporation, CIC and PT Nusantara Infrastructure Tbk 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 government at the end of their concession periods; (g) the Group's payables on LTIP and long service payments; 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 2022, the financial liability amounting to US$76.0 million (2021: US$76.2 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 2022, US$53.2 million (2021: US$39.8 million) of receipt in advance from customers relates to export sales of CPO and sales of electricity, upfront payments for water connection and installation fees and sales of real estate, 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, and the sales of real estate to be fulfilled based on the obligations completed to date. The increase in the balance in 2022 was mainly due to PLP's offer to customers to prepay for next month's electricity consumption in lieu of security deposits, and contract liabilities assumed from step acquisition of Landco (Note 34(B)).

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	2022	2021
Authorized		
6,000,000,000 (2021: 6,000,000,000) ordinary shares of U.S. 1 cent each	**60.0**	60.0

	Number of ordinary shares in issue		Share capital US$ millions	
Issued and fully paid	**2022**	2021	**2022**	2021
At 1 January	**4,279,113,044**	4,344,931,044	**42.8**	43.4
Repurchase and cancelation of shares	**(39,706,000)**	(65,818,000)	**(0.4)**	(0.6)
Issue of shares under share award scheme (Note 30(A))	**2,253,526**	–	**–**	–
At 31 December	**4,241,660,570**	4,279,113,044	**42.4**	42.8

On 30 March 2021, the Company's Board of Directors approved a three-year share repurchase program to buy back First Pacific shares by way of "open market repurchases" commencing 31 March 2021 and ending 31 March 2024.

During the year ended 31 December 2022, the Company repurchased 39,706,000 ordinary shares (2021: 65,818,000) listed on SEHK at an aggregate consideration of approximately HK$113.1 million (US$14.5 million) (2021: HK$185.1 million (US$23.8 million)). These shares were subsequently canceled. It is anticipated that the repurchases are beneficial to all shareholders by enhancing the value of the Company's remaining shares. Details of the repurchases during the year 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
January 2022	6,524,000	3.04	2.87	19.5	2.5
February 2022	3,252,000	3.25	3.03	10.2	1.3
May 2022	646,000	3.13	3.11	2.0	0.3
June 2022	3,908,000	3.43	3.00	12.6	1.6
July 2022	5,720,000	3.25	2.92	17.6	2.3
September 2022	13,874,000	3.00	2.36	38.2	4.9
October 2022	5,282,000	2.46	2.09	11.9	1.5
November 2022	500,000	2.16	2.11	1.1	0.1
Total	**39,706,000**			**113.1**	**14.5**

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 Awards	Number of unallocated shares held for Purchase Awards	Shares held for Share Award Scheme US$ millions
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)
At 1 January 2022	4,665,846	1,055,702	254,990	**(2.0)**
Reallocated	254,990	–	(254,990)	**–**
Purchased	2,618,000	–	–	**(1.0)**
Granted and issued (Note 29)	–	2,253,526	–	**(0.9)**
Vested and transferred	(4,187,346)	(1,055,702)	–	**1.7**
At 31 December 2022	**3,351,490**	**2,253,526**	**–**	**(2.2)**

For the Purchase Awards, during the year ended 31 December 2022, the independent trustee managing the Company's share award scheme purchased 2,618,000 shares (2021: 3,690,000 shares) of the Company at an aggregate consideration of HK$8.1 million (US$1.0 million) (2021: HK$9.9 million (US$1.3 million)) from the open market at the cost of the Company. The previously unallocated 254,990 shares were reallocated to eligible employees in 2022.

For the Subscription Awards, during the year ended 31 December 2022, the independent trustee managing the Company's share award scheme subscribed 2,253,526 new shares (2021: Nil) issued by the Company at an aggregate consideration of HK$7.2 million (US$0.9 million).

Particulars of the share awards of the Company granted to the Directors and senior executives of the Company at 31 December 2022 and 2021 are set out below:

(a) The Company's Purchase Awards

	Shares granted and unvested shares held at 1 January 2022	Shares vested and transferred during the year	Shares granted during the year	**Shares granted and unvested shares held at 31 December 2022**	Grant date	Vesting period(i)
Executive Director						
Christopher H. Young	1,610,283	(1,610,283)	–	**–**	–	–
Non-executive Director						
Benny S. Santoso	–	–	478,500	**478,500**	6 May 2022	April 2023 to April 2025
Independent Non-executive Directors						
Prof. Edward K.Y. Chen, *GBS, CBE, JP*	319,000	(319,000)	–	**–**	–	–
	–	–	957,000	**957,000**	6 May 2022	April 2023 to April 2025
Margaret Leung Ko May Yee, *SBS, JP*	319,000	(319,000)	–	**–**	–	–
	–	–	957,000	**957,000**	6 May 2022	April 2023 to April 2025
Philip Fan Yan Hok	319,000	(319,000)	–	**–**	–	–
	–	–	478,500	**478,500**	6 May 2022	April 2023 to April 2025
Madeleine Lee Suh Shin	–	–	957,000	**957,000**	6 May 2022	April 2023 to April 2025
Blair Chilton Pickerell	957,000	(478,500)	–	**478,500**	25 March 2020	March 2022 to March 2023
	–	–	319,000	**319,000**	6 May 2022	April 2024 to April 2025
Senior Executives	1,141,563	(1,141,563)	–	**–**	–	–
	–	–	4,413,390	**4,413,390**	6 May 2022	April 2023 to April 2025
Total	4,665,846	(4,187,346)	8,560,390	**9,038,890**		

(i) The vesting periods of the awarded shares are as follows:
- (a) 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.
- (b) For the 2022 grant, the shares would be vested in three equal tranches from the first to the third year after the shares are granted, except for an independent non-executive director (two equal tranches in the second and the third year after the grant).

	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.

(b) The Company's Subscription Awards

	Shares granted and unvested shares held at 1 January 2022	Shares vested and transferred during the year	Shares granted during the year	**Shares granted and unvested shares held at 31 December 2022**	Grant date	Vesting period[i]
Senior Executives	1,055,702	(1,055,702)	–	**–**	–	–
	–	–	2,253,526	**2,253,526**	6 May 2022	April 2023 to April 2025
Total	1,055,702	(1,055,702)	2,253,526	**2,253,526**		

(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 2021	Shares vested and transferred during the year	Shares granted and unvested shares held at 31 December 2021	Grant date	Vesting period[ii]
Senior Executives	2,111,399	(1,055,697)	1,055,702	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

On 6 May 2022, 8,560,390 share awards were granted as Purchase Awards and 2,253,526 shares 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$2.82 per share or an aggregate value of US$3.9 million for all shares granted. The assumptions used were as follows:

Share price at the date of grant	HK$3.10 per share
Expected dividend yield	4.8% per annum
Average risk-free interest rate (based on the Hong Kong Exchange Fund Notes)	2.1% per annum

(B) MPIC's Restricted Stock Unit Plan

On 14 July 2016, MPIC's Board approved a restricted stock unit plan ("RSUP") as part of MPIC's LTIP. The RSUP, has a validity period of 10 years. 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, MPIC's Board approved a LTIP covering the cycle 2019 to 2021, which comprises of cash incentives 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 the 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, payout which was originally scheduled in 2022 is moved to 2023. On 10 March 2023, the LTIP was settled.

On 8 March 2023, a new cycle covering the years 2023 to 2025 has been approved by the MPIC's Board.

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 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.

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	2022	2021
Indofood	**(558.8)**	(416.3)
PLDT	**(155.0)**	(99.9)
MPIC	**(310.0)**	(155.5)
Philex	**(29.0)**	(13.8)
Others	**(4.2)**	(4.5)
Total	**(1,057.0)**	(690.0)

The fair value reserve of financial assets at FVOCI relates to changes in the fair value of financial assets at FVOCI of the Group.

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	**2022**	2021	**2022**	2021	**2022**	2021
Associated Companies and Joint Ventures						
Revenue reserve	**(834.4)**	(843.3)	**(2.2)**	5.8	**(836.6)**	(837.5)
Exchange reserve	**(193.1)**	(120.8)	**10.5**	(25.1)	**(182.6)**	(145.9)
Fair value reserve of financial assets at FVOCI	**(0.9)**	(1.1)	**–**	–	**(0.9)**	(1.1)
Unrealized losses on cash flow hedges, net of tax	**(13.8)**	(7.3)	**(5.9)**	(36.9)	**(19.7)**	(44.2)
Actuarial losses on defined benefit pension plans	**(187.7)**	(200.2)	**–**	–	**(187.7)**	(200.2)
Differences arising from changes in equities of subsidiary companies	**(7.1)**	(7.1)	**–**	–	**(7.1)**	(7.1)
Capital and other reserves	**17.2**	17.2	**–**	–	**17.2**	17.2
Total (Note 13)	**(1,219.8)**	(1,162.6)	**2.4**	(56.2)	**(1,217.4)**	(1,218.8)

32. Non-controlling Interests

Details of the Group's subsidiary companies that have material non-controlling interests are set out below:

	2022	2021
Percentage of equity interest held by non-controlling interests		
– Indofood	**49.9%**	49.9%
– MPIC	**53.9%**	56.0%
– FPM Power	**31.3%**	32.0%

US$ millions	**2022**	2021
Profit for the year allocated to non-controlling interests		
– Indofood	**393.0**	477.0
– MPIC	**112.2**	86.0
– FPM Power	**160.9**	13.3
Dividends paid to non-controlling interests		
– Indofood	**199.7**	202.5
– MPIC	**83.1**	84.9
– FPM Power	**31.3**	–
Total	**314.1**	287.4
Balances of non-controlling interests at 31 December		
– Indofood	**4,186.1**	4,353.5
– MPIC	**2,682.1**	2,994.9
– FPM Power	**154.7**	(86.9)

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	
For the year ended/at 31 December US$ millions	**2022**	2021	**2022**	2021	**2022**	2021
Statements of Comprehensive Income						
Turnover	**7,429.8**	6,925.9	**934.1**	882.5	**1,747.6**	1,194.5
Profit for the year	**597.6**	717.4	**200.9**	144.6	**378.4**	40.8
Other comprehensive income/(loss)	**111.3**	64.4	**85.4**	98.0	**(50.4)**	56.9
Total Comprehensive Income	**708.9**	781.8	**286.3**	242.6	**328.0**	97.7
Statements of Financial Position						
Non-current assets	**7,927.7**	8,740.3	**9,507.7**	9,266.4	**582.0**	408.8
Current assets	**3,490.3**	3,799.3	**1,236.1**	1,419.8	**300.4**	296.9
Non-current liabilities	**(3,630.8)**	(3,706.4)	**(5,817.5)**	(5,711.1)	**(293.3)**	(475.7)
Current liabilities	**(1,953.2)**	(2,835.0)	**(1,365.6)**	(1,135.3)	**(304.0)**	(470.4)
Net Assets/(Liabilities)	**5,834.0**	5,998.2	**3,560.7**	3,839.8	**285.1**	(240.4)
Statements of Cash Flows						
Net cash from operating activities	**909.4**	1,022.8	**263.6**	254.1	**297.5**	83.1
Net cash used in investing activities	**(883.5)**	(417.1)	**(1,109.1)**	(448.3)	**(2.0)**	(5.0)
Net cash (used in)/from financing activities	**(334.6)**	234.8	**638.8**	126.6	**(231.7)**	(50.8)
Net (Decrease)/Increase in Cash and Cash Equivalents	**(308.7)**	840.5	**(206.7)**	(67.6)	**63.8**	27.3

Effects of Material Transactions with Non-controlling Interests

During the year ended 31 December 2022, Indofood purchased an aggregate 4.6 million (2021: 3.8 million) shares of IndoAgri from the open market at a total cost of S$1.4 million (US$1.0 million) (2021: S$1.1 million or US$0.8 million). As a result of these transactions, Indofood's effective interest in IndoAgri increased to 72.3% from 71.9% (2021: increased to 71.9% from 71.7%). The Group recorded a credit balance of US$1.4 million (2021: US$1.0 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 2022, MPIC bought back an aggregate 1,374.3 million (2021: 598.6 million) of its shares from the open market at an aggregate consideration of approximately Pesos 5.0 billion (US$91.8 million) (2021: Pesos 2.3 billion (US$46.3 million)). As a result of these transactions, the Group's effective economic interest and voting interest in MPIC increased to 46.1% and 59.1%, from 44.0% and 57.0%, respectively (2021: increased to 44.0% and 57.0%, from 43.1% and 56.1%, respectively). The Group recorded a credit balance of US$42.9 million (2021: US$15.2 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 2022, the Group recorded a net debit balance of US$0.4 million (2021: US$3.9 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 November 2022, FP Power Assets Limited, a wholly-owned subsidiary company of First Pacific, and MPG Asia Limited, the 40% non-controlling shareholder of FPM Power, capitalized their loans of US$170.3 million and US$113.5 million, respectively, into equity of FPM Power. Following the capitalization, the interest of First Pacific in FPM Power remains unchanged at 60%.

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%.

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 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)
At 1 January 2022	(690.0)	148.8	29.5	(4.9)	14.1	(209.8)	**(712.3)**
Other comprehensive (loss)/income for the year	(358.3)	13.9	(27.6)	5.5	4.4	57.7	**(304.4)**
Acquisition of an interest in a subsidiary company	(8.7)	–	–	–	–	–	**(8.7)**
At 31 December 2022	**(1,057.0)**	**162.7**	**1.9**	**0.6**	**18.5**	**(152.1)**	**(1,025.4)**

34. Notes to the Consolidated Statement of Cash Flows

(A) Deconsolidation of a Discontinued Operation

2022's cash inflow of US$79.4 million relates to the final instalment payment received in September 2022 in relation to MPIC's transfer of its 56% interest in GBPC to MGen. 2021's cash inflow of US$209.7 million related 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 first 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) Step Acquisition of a Joint Venture

On 31 March 2022, MPIC acquired the remaining 61.9% interest in Landco, a joint venture of the Group up to 31 March 2022 (the date of consolidation of Landco), from AB Holdings Corporation ("ABHC") for a total consideration of Pesos 429 million (US$7.9 million) through offsetting arrangements against the existing receivables with MPIC. The acquisition is expected to expand MPIC's footprint into the real estate business. Gain on bargain purchase of US$2.8 million was recognized as the fair value of net assets acquired was higher than the consideration.

Prior to this transaction, MPIC holds 38.1% interest in Landco. With MPIC acquiring control over Landco, this transaction is accounted for using the acquisition method under HKFRS 3 "Business Combination". In accordance with HKFRS 3, the step acquisition was satisfied by (i) fair value of previously held 38.1% interest in Landco of Pesos 355 million (US$6.5 million), (ii) pre-existing intercompany advances of Pesos 2.9 billion (US$53.2 million), and (iii) consideration of Pesos 429 million (US$7.9 million) as covered by deeds of absolute sale.

The fair values of assets acquired, and liabilities and contingent liabilities assumed by the Group are summarized as follows:

US$ millions	
Net Assets	
Property, plant and equipment (Note 11)	**0.6**
Associated companies and joint ventures	**6.8**
Investment properties (Note 16)	**5.7**
Account receivables, other receivables and prepayment (Non-current)	**14.9**
Financial assets at FVOCI (Non-current)	**0.7**
Other non-current assets	**6.7**
Cash and cash equivalents	**8.6**
Restricted cash	**4.8**
Account receivables, other receivables and prepayment (Current)	**30.3**
Inventories	**37.5**
Account payables, other payables and accruals	**(27.3)**
Short-term borrowing	**(0.4)**
Provision for taxation (Note 27)	**(0.5)**
Current portion of deferred liabilities, provisions and payables (Note 28)	**(4.1)**
Deferred liabilities, provisions and payables (Note 28)	**(7.8)**
Deferred tax liabilities (Note 19)	**(7.3)**
Total Net Identifiable Assets Acquired	**69.2**
Add: Non-controlling interests[(i)]	**1.2**
Less: Gain on bargain purchase	**(2.8)**
Total Net Assets Acquired	**67.6**
Satisfied by:	
Associated companies and joint ventures[(ii)]	**59.7**
Account receivables, other receivables and prepayment (Current)[(iii)]	**7.9**
Total	**67.6**
Cash Inflow per the Consolidated Statement of Cash Flows	**8.6**

(i) The non-controlling interests were measured at the proportionate share of their interests in the acquiree's identifiable net liabilities.

(ii) Included (a) the fair value of MPIC's previously held 38.1% interest in Landco of Pesos 355 million (US$6.5 million), which was fully impaired in prior years, and (b) MPIC's advances to Landco of Pesos 2.9 billion (US$53.2 million), inclusive of previously impaired advances amounting to Pesos 2.7 billion (US$49.4 million)

(iii) Represent MPIC's receivables due from ABHC of Pesos 429 million (US$7.9 million), inclusive of previously impaired receivables amounting to Pesos 360 million (US$6.6 million)

Following the completion of the transaction, Landco became a wholly-owned subsidiary company of MPIC. Total gains on the step acquisition of Landco amounted to Pesos 3.6 billion (US$65.3 million) (Note 5(A)), which includes (a) the reversal of previously made impairments on advances and receivables totalling Pesos 3.1 billion (US$56.0 million), (b) gain on remeasurement on previously held 38.1% interest in Landco of Pesos 355 million (US$6.5 million), and (c) gain on bargain purchase of 61.9% interest in Landco of Pesos 146 million (US$2.8 million).

The fair value of Landco's receivables was US$45.2 million, while the gross contractual amounts receivables was US$48.7 million. The transaction costs of US$0.1 million incurred for the step acquisition have been recognized as administrative expenses in the consolidated income statement.

Since the date of acquisition, Landco recorded a turnover of US$15.0 million and a profit for the year of US$4.6 million which were included in the consolidated income statement. If the acquisition had taken place on 1 January 2022, the turnover and profit for the year ended 31 December 2022 of the Group would have been US$10,309.8 million and US$1,050.9 million, respectively.

(C) Disposal of an Associated Company

2022's cash inflow of US$2.4 million relates to net proceeds from MPIC's disposal of its 39.0% interest in Manila Water Consortium Inc. in May 2022.

2021's cash inflow of US$145.2 million related to net proceeds from MPIC's disposal of its 29.5% interest in DMT in February 2021.

(D) Payment for Retention Amount Payable

2022's cash outflow of US$650.0 million relates to ICBP's settlement of retention amount payable for its acquisition of 100% interest in Pinehill in August 2020 upon Pinehill's 2020 and 2021 actual average consolidated net profit meeting the guaranteed minimum amounts.

(E) Investments in Associated Companies

2022's cash outflow of US$284.1 million mainly relates to MPTC's acquisition of a 40% interest in JJC in December 2022.

(F) Increased Investments in Associated Companies

2022's cash outflow of US$172.9 million mainly relates to (i) MPIC's acquisition of an additional 2% interest in Meralco in July 2022 of US$142.7 million, and (ii) the Group's subscription in Philex's rights shares in proportion to the Group's existing interests totalling US$21.9 million in August 2022.

(G) Investment in a Joint Venture

2021's cash outflow of US$144.2 million related to MPIC's acquisition of a 50% interest in PCSPC in January 2021.

(H) Instalment Payment for Acquisition of a Subsidiary Company

2021's cash outflow of US$49.6 million related to MPIC's last instalment payment to PCEV for its acquisition of the remaining 25% interest in Beacon Electric in June 2017.

(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 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
At 1 January 2022	169.2	613.7	11,128.4	52.3	12.4	**11,976.0**
Exchange translation	(8.0)	(45.7)	(542.5)	(2.1)	(0.8)	**(599.1)**
Step acquisition of a joint venture	–	–	0.4	0.2	–	**0.6**
Changes in financing cash flows	–	(15.8)	628.5	(34.0)	(425.3)	**153.4**
Finance costs	–	14.2	7.5	2.9	–	**24.6**
Dividends/distribution declared	–	–	–	–	443.8	**443.8**
Interest paid classified as operating cash flows	–	–	–	(2.9)	–	**(2.9)**
Capitalized into equity	(113.5)	–	–	–	–	**(113.5)**
Other movements	–	(33.0)	–	24.1	–	**(8.9)**
At 31 December 2022	**47.7**	**533.4**	**11,222.3**	**40.5**	**30.1**	**11,874.0**

(J) Repurchase of a Subsidiary Company's Shares

2022's cash outflow of US$91.8 million (2021: US$46.3 million) relates to MPIC's share buyback program implemented from February to December 2022 (2021: implemented in July and September 2021).

(K) Increased Investments in Subsidiary Companies

2021's cash outflow of US$35.4 million mainly related to ICBP's acquisition of a 49% interest in IFM in February 2021.

(L) Total Cash Outflow for Leases

The total cash outflow for leases included in the consolidated statement of cash flows is as follows:

US$ millions	2022	2021
Within operating activities	**22.8**	29.6
Within financing activities	**34.0**	35.2
Total	**56.8**	64.8

(M) Major non-cash transaction

For the year ended 31 December 2022, the Group had non-cash additions to (i) right-of-use assets and lease liabilities of US$26.4 million (2021: US$30.1 million) and US$26.4 million (2021: US$30.1 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$21.1 million (2021: US$42.2 million) and US$21.1 million (2021: US$42.2 million), respectively, in respect of MPIC's certain service concession arrangements.

In November 2022, MPG Asia Limited, the 40% shareholder of FPM Power, capitalized its loans of US$113.5 million into equity of FPM Power.

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	2022	2021
Commitments in respect of subsidiary companies:		
– Authorized, but not contracted for	**924.0**	1,265.4
– Contracted, but not provided for	**723.0**	686.5
Total	**1,647.0**	1,951.9

The Group's capital expenditure commitments principally relate to Indofood's, MPIC's, PLP's and RHI's purchase of property, plant and equipment, and construction of infrastructure for Maynilad's and MPW's water and sewerage businesses, MPTC's toll roads business and LRMC's rail business.

(B) Contingent Liabilities

At 31 December 2022, except for guarantees of US$18.4 million (2021: US$21.1 million) given by Indofood for loan facilities obtained by certain plantation farmers in relation to arrangements for those farmers' production and sale of fresh fruit bunches to Indofood, the Group had no significant contingent liabilities (2021: Nil).

36. Employees' Benefits

(A) Remuneration

US$ millions	2022	2021
Basic salaries	**501.6**	547.2
Bonuses	**183.5**	175.6
Benefits in kind	**105.1**	104.0
Pension contributions	**13.2**	30.5
Retirement and severance allowances	**10.1**	6.5
Employee share-based compensation benefit expenses/LTIP	**12.8**	14.8
Total	**826.3**	878.6
Arising from:		
Continuing operations (Note 5(C))	**826.3**	871.1
A discontinued operation	**–**	7.5
	826.3	878.6
Average Number of Employees		
Continuing operations	**100,668**	99,828
A discontinued operation	**–**	961
	100,668	100,789

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 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 retirement 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 10 (2021: 12) defined contribution schemes covering 11,578 (2021: 12,510) 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% (2021: 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 five (2021: seven) of the schemes, forfeited contributions may be used to reduce the existing levels of employer contributions and, in 2022, no amount (2021: Nil) was used for this purpose. There were no significant forfeited contributions at 31 December 2022 and 2021.

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.

The Group's Indonesian subsidiary companies also provides additional provisions on top of the benefits provided under the defined contribution pension programs in order to meet and cover the minimum benefits required to be paid to the qualified employees under the Indonesian Labour Law as described in Note 36(B)(b).

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 17 (2021: 18) defined benefit schemes covering 7,648 (2021: 6,890) employees. Nine (2021:11) of the plans are unfunded where the Group meets the benefit payment obligations as they fall due while eight (2021: seven) 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 Kantor Konsultan Aktuaria Hery Al Hariry 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 2022, the Group's level of funding in respect of its defined benefit schemes was 85.0% (2021: 60.5%).

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 Kantor Konsultan Aktuaria Hery Al Hariry (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 2022	Total 2021
Present value of defined benefit obligations	(51.8)	(329.9)	**(381.7)**	(486.4)
Fair value of plan assets	44.1	–	**44.1**	35.4
Net Liability	(7.7)	(329.9)	**(337.6)**	(451.0)
Represented by:				
Pension assets[(i)]	11.1	–	**11.1**	–
Pension liabilities[(ii)]	(18.8)	(329.9)	**(348.7)**	(451.0)
	(7.7)	(329.9)	**(337.6)**	(451.0)

(i) Included within other non-current assets
(ii) Included within deferred liabilities, provisions and payables

(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 2022	Total 2021
At 1 January	(60.1)	(426.3)	**(486.4)**	(553.8)
Exchange translation	5.1	36.5	**41.6**	9.7
Current service cost	(6.1)	(28.4)	**(34.5)**	(33.9)
Past service cost	–	66.5	**66.5**	1.6
Interest cost on obligation	(2.7)	(23.9)	**(26.6)**	(32.9)
Actuarial (losses)/gains arising from:				
– Changes in demographic assumptions	(0.3)	0.9	**0.6**	11.2
– Changes in financial assumptions	7.0	(4.4)	**2.6**	40.4
– Experience adjustments	(1.1)	17.1	**16.0**	24.2
Benefits paid and others	6.4	32.1	**38.5**	47.1
At 31 December	(51.8)	(329.9)	**(381.7)**	(486.4)

(III) The changes in the fair value of plan assets under the defined benefit schemes during the year are as follows:

US$ millions	2022	2021
At 1 January	**35.4**	40.3
Exchange translation	**(3.4)**	(2.2)
Interest income included in net interest cost	**1.7**	1.3
Return on plan assets (excluding amount included in net interest cost)	**(2.1)**	(0.5)
Contributions by employers	**16.6**	4.3
Benefits paid and others	**(4.1)**	(7.8)
At 31 December	**44.1**	35.4
Actual Return on Plan Assets	**-1%**	2%

(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:

	2022	2021
Philippine debt securities	**22%**	44%
Philippine equities	**34%**	43%
Indonesian debt securities	**1%**	1%
Indonesian equities	**1%**	1%
Cash in banks and time deposits	**19%**	1%
Unit trust funds and others	**23%**	10%

(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 2022	Total 2021
Current service cost	6.1	28.4	**34.5**	33.9
Past service cost	–	(66.5)	**(66.5)**	(1.6)
Interest cost on obligation	2.7	23.9	**26.6**	32.9
Interest income on plan assets	(1.7)	–	**(1.7)**	(1.3)
Amount Recognized in Profit or Loss[i]	7.1	(14.2)	**(7.1)**	63.9
Actuarial losses/(gains) arising from				
– Changes in demographic assumptions	0.3	(0.9)	**(0.6)**	(11.2)
– Changes in financial assumptions	(7.0)	4.4	**(2.6)**	(40.4)
– Experience adjustments	1.1	(17.1)	**(16.0)**	(24.2)
Return on plan assets (excluding amount included in net interest cost)	2.1	–	**2.1**	0.5
Amount Recognized in Other Comprehensive Income	(3.5)	(13.6)	**(17.1)**	(75.3)
Total	3.6	(27.8)	**(24.2)**	(11.4)

(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:

	2022	2021
Discount rate	**6%**	5%
Future annual salary increases	**5%**	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 2022**	Increase/ (decrease)	(Decrease)/ increase at 31 December 2021
Discount rate (%)	**1.0**	**(11.7)**	1.0	(16.0)
	(1.0)	**14.1**	(1.0)	20.7
Future annual salary increases (%)	**1.0**	**14.0**	1.0	20.4
	(1.0)	**(12.7)**	(1.0)	(15.9)

(VIII) The following table provides the maturity analysis of the undiscounted benefit payments as at 31 December:

US$ millions	**2022**	2021
Less than one year	**47.2**	59.6
One year to five years	**167.3**	215.8
More than five years	**1,804.0**	2,069.5
Total	**2,018.5**	2,344.9

The weighted average duration of the defined benefit obligation is 10 years (2021: 11 years).

(IX) The Group expects to contribute US$4.2 million (2021: US$5.1 million) to its defined benefit pension plans next year.

(C) Loans to Officers

During the years ended 31 December 2022 and 2021, 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 2022, 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 – 2022

	Non-performance based							
US$'000	Salaries	Other benefits	Pension contributions	Performance based payments(i)	Employee share-based compensation benefit expenses/LTIP	Fees(ii)	Retirement benefit payments	**Total**
Chairman								
Anthoni Salim	3,282	–	–	–	–	65	–	**3,347**
Executive Directors								
Manuel V. Pangilinan, *Managing Director and Chief Executive Officer*	7,304	578	199	1,493	2,744	–	–	**12,318**
Christopher H. Young	1,254	147	85	592	50	–	2,462	**4,590**
Non-executive Directors								
Benny S. Santoso	64	–	–	–	151	48	–	**263**
Axton Salim	2,290	–	–	–	–	71	–	**2,361**
Independent Non-executive Directors								
Prof. Edward K.Y. Chen, *GBS, CBE, JP*	–	–	–	–	164	127	–	**291**
Margaret Leung Ko May Yee, *SBS, JP*	–	–	–	–	164	121	–	**285**
Philip Fan Yan Hok	–	–	–	–	154	121	–	**275**
Madeleine Lee Suh Shin	–	–	–	–	162	113	–	**275**
Blair Chilton Pickerell	–	–	–	–	100	90	–	**190**
Total	14,194	725	284	2,085	3,689	756	2,462	**24,195**

(i) Performance based payments comprise performance bonuses and long-term monetary incentive awards.

(ii) For meetings attended

Directors' Remuneration – 2021

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	3,157	–	–	–	–	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.

Included within the total Directors' remuneration is an amount of US$3.9 million (2021: US$1.4 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. Two (2021: One) senior executives were among the Group's five highest earning employees during the year ended 31 December 2022. The remaining three (2021: four) of the five highest earning employees are the Company's Directors. Details of the remuneration for two (2021: one) senior executives are as follows:

US$'000	**2022**	2021
Non-performance based		
– Salaries and benefits	**4,048**	2,106
Performance based		
– Bonuses and long-term monetary incentive awards	**465**	80
Employee share-based compensation benefit expenses/LTIP	**633**	318
Total	**5,146**	2,504

The remuneration of two (2021: one) senior executives who were among the Group's five highest earning employees in 2022 are within the following bands:

Remuneration bands	**2022 Number**	2021 Number
US$2,628,000 – US$2,692,000	**1**	–
US$2,500,000 – US$2,564,000	**1**	1

(C) Key Management Personnel Compensation (including Directors' Remuneration)

US$ millions	**2022**	2021
Non-performance based		
– Salaries and benefits	**68.6**	67.3
– Pension contributions	**2.6**	3.0
Performance based		
– Bonuses and long-term monetary incentive awards	**34.4**	38.0
Retirement benefit payments	**2.4**	0.8
Employee share-based compensation benefit expenses/LTIP	**12.8**	14.8
Fees	**0.8**	0.7
Total	**121.6**	124.6

(D) Share Options

The Company operates 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 2022 and 2021 are set out below:

Particulars of the Company's share option scheme

	Share options held at 1 January 2022	Share options lapsed during the year	Share options granted during the year	**Share options held at 31 December 2022**	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	(1,339,600)	–	**–**	4.972	4.950	–	–	–
	3,828,000	–	–	**3,828,000**	2.87	2.87	8 April 2019	April 2020 to April 2022	April 2020 to April 2025
		–	1,914,000	**1,914,000**	3.176	3.10	6 May 2022	April 2023 to April 2025	April 2023 to May 2028
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
Philip Fan Yan Hok	–	–	1,914,000	**1,914,000**	3.176	3.10	6 May 2022	April 2023 to April 2025	April 2023 to May 2028
Blair Chilton Pickerell	–	–	1,276,000	**1,276,000**	3.176	3.10	6 May 2022	April 2024 to April 2025	April 2024 to May 2028
Senior Executives	1,184,750	(1,184,750)	–	**–**	4.972	4.950	–	–	–
	403,025	(403,025)	–	**–**	6.092	5.98	–	–	–
	7,699,459	–	–	**7,699,459**	2.87	2.87	8 April 2019	April 2020 to April 2022	April 2020 to April 2025
Total	18,282,834	(2,927,375)	5,104,000	**20,459,459**[i]					

(i) The number of outstanding share options vested and exercisable at 31 December 2022 was 15,355,459. These share options had a weighted average exercise price of HK$2.87.

(ii) The vesting periods of the share options are as follows:

(a) For 2019 grant, 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 2022 grant, the share options would be vested in three equal tranches from the first to the third year after the share options are granted, except for an independent non-executive director (two equal tranches in the second and the third year after the grant).

	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.

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 was valid for 10 years and expired on 30 May 2022.

The maximum number of shares on which options may be granted during the 10-year life of the Scheme 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 share options may be exercised under the Scheme at any time from the date of acceptance until the date of expiry, subject to any other restrictions on vesting imposed by the Directors. 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 four 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.

On 6 May 2022, 5,104,000 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$0.63 per share or an aggregate value of US$0.4 million for all options granted. The assumptions used were as follows:

Share price at the date of grant	HK$3.10 per share
Exercise price	HK$3.176 per share
Expected volatility (based on historical volatility of the Company's shares commensurate with the average expected life of the options granted)	32%
Option life	6 years
Expected dividend yield	4.8% per annum
Average risk-free interest rate (based on the Hong Kong Exchange Fund Notes)	2.86% 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.

At the AGM held on 16 June 2022, the Company's shareholders approved a new share option scheme (the "New Scheme") as the Scheme was expired on 30 May 2022. Under the New Scheme, the Directors may, at their discretion, at any time during the life of the New Scheme, grant Directors and executives of the Company's share options as part of the Company's long-term incentive program. The New Scheme, which complies with the provisions set out in Chapter 17 of the Listing Rules, became effective on 16 June 2022. The New Scheme will be valid for 10 years and will expire on 15 June 2032.

The maximum number of shares on which options may be granted during the 10-year life of the New Scheme may not exceed 10% of the Company's issued share capital as at the date of approval of the New Scheme by the shareholders, which equaled to 426,944,457 shares. The maximum number of shares in respect of which options may be granted under the New Scheme to any one participant in any 12-month period is limited to 1% of the aggregate number of shares of the Company in issue at the time of the proposed grant of options to such participant.

The exercise price in relation to each share option offer shall be determined by the Directors at their absolute discretion, but in any event shall not be less than the highest of (i) the closing price of the Company's shares as stated in the daily quotation sheet of the SEHK on the date of grant; (ii) the average of the closing prices of the Company's shares as stated in the daily quotation sheets of the SEHK for the five trading days immediately preceding the date of grant; and (iii) the nominal value of the Company's share on the date of grant. The terms of the New Scheme provide that subject to any other restrictions on vesting imposed by the Directors, share options may be exercised under the New Scheme at any time from the date of acceptance until the date of expiry. Any options granted under the New Scheme are subject to certain restrictions on exercise including a prohibition on exercise for a certain period after the date on which any option is accepted. Share options vest progressively over the vesting period, provided that the relevant grantee remains employed by the Group. Options which lapse or are canceled prior to their expiry date are deleted from the register of options.

As at the date of these financial statements, the Company had 20,459,459 share options outstanding under the Company's share option schemes, which represented approximately 0.5% 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 2022 and 2021 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 retention amount payable due to Pinehill Corpora of US$331.5 million was fully settled by ICBP in April 2022. At 31 December 2021, the retention amount payable of US$331.5 million was included in the current portion of deferred liabilities, provisions and payables (Note 28).

(B) In February 2022, MPIC made additional advances of Pesos 0.2 billion (US$3.8 million) to Landco, a joint venture of the Group up to 31 March 2022 (the date of consolidation of Landco), for working capital purposes.

During the year ended 31 December 2021, an impairment loss of Peso 0.9 billion (US$18.2 million) was made to write down the same amount of advances made to Landco during the year. At 31 December 2021, the total amount due from Landco was Pesos 2.7 billion (US$52.9 million), which was fully impaired by the Group as the recoverability is in doubt based on historical record.

(C) On 31 March 2021, Beacon PowerGen, a wholly-owned subsidiary company of MPIC, completed the transfer of 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$447.8 million), which was subsequently adjusted to Pesos 21.2 billion (US$422.8 million) to reflect the dividend of Pesos 1.2 billion (US$25.0 million) received from GBPC by Beacon PowerGen in May 2021. 60% of the adjusted consideration, i.e. Pesos 12.7 billion (US$257.8 million), was settled in cash up front. The 40% unpaid instalment balance shall earn interest at the rate of 2.0% per annum from the completion date until payment, of which 20% of the adjusted consideration, i.e. Pesos 4.25 billion (US$85.6 million), was settled in September 2021, and the remaining 20% of the adjusted consideration, i.e. Pesos 4.25 billion (US$79.4 million), was fully settled in 2022.

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.

(D) In November 2022, the outstanding loans of US$113.5 million due to MPG Asia Limited were capitalized into equity of FPM Power.

At 31 December 2021, FPM Power had outstanding loans of 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).

(E) 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.

For the year ended 31 December 2022, the fees under the above arrangement amounted to US$1.0 million (From 1 October 2021 to 31 December 2021: US$0.3 million).

At 31 December 2022, FPM Power had outstanding service fees payable to GBPC of US$0.3 million (2021: US$0.3 million), which was included in accounts payable, other payables and accruals.

(F) On 1 March 2018, First Pacific Investment Management Limited ("FPIML"), a wholly-owned subsidiary company of the Company, entered into an advisory services agreement with Smart. The agreement is for a period of one year subject to a 12-month automatic renewal unless either party notifies the other party of its intent not to renew the agreement. FPIML provides advisory and related services in connection with the operation of Smart's business of providing mobile communications services, high-speed internet connectivity, and access to digital services and content. The agreement provides that Smart shall pay a monthly service fee and any additional fee shall be mutually agreed upon by both parties on a monthly basis.

For the year ended 31 December 2022, the fees under this agreement amounted to approximately US$2.6 million (2021: US$2.3 million). At 31 December 2022, FPIML had US$0.2 million (2021: Nil) outstanding receivable from Smart under this agreement and was included in accounts receivable, other receivables and prepayments.

(G) In December 2014, ALBV 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$90.4 million) (out of the total Pesos 7.2 billion (US$129.1 million) SMECI's notes), principally for financing capital expenditure of the Silangan project and repaying 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 have a maturity of eight 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.

On 7 December 2022, ALBV entered into a supplementary agreement to the SMECI's notes for 3 years with effect from 19 December 2022 to 18 December 2025 with a view to support the continuous development and fund-raising activities of the Silangan project. The maturity date of the SMECI's notes may be further extended twice at the option of SMECI for a period of one year and six months for each extension. The accrued redemption premium until 18 December 2022 of Pesos 1.4 billion (US$24.3 million) would be subject to an interest at coupon rate of 1.5%, payable semi-annually. In addition, the principal amount together with the redemption premium shall also attract a 3% per annum premium from 19 December 2022 up to the redemption date, unless converted.

For the year ended 31 December 2022, ALBV accrued interest income of US$5.0 million (2021: US$5.3 million) on these notes. At 31 December 2022, ALBV had outstanding interest receivable of approximately US$62 thousand (2021: US$54 thousand) due from SMECI.

(H) In August 2022, the Group subscribed Philex's rights shares in proportion to the Group's existing interest of 31.2% for an aggregated consideration of Pesos 0.8 billion (US$14.8 million). Two Rivers, a Philippine affiliate of the Company, also subscribed Philex's rights shares in proportion to its existing interest of 15.0% for an aggregated consideration of Pesos 0.4 billion (US$7.1 million). The proceeds from Philex's rights shares would be used to fund the development of the Silangan project.

(I) In March 2022, Kirtman Limited ("Kirtman"), a wholly-owned subsidiary company of the Company, provided loans of US$0.6 million to PXP. The loans were unsecured, interest-bearing and repayable on demand, and were included in the current portion of accounts receivables, other receivables and prepayments.

For the year ended 31 December 2022, Kirtman accrued interest income of US$28 thousand (2021: Nil) on these loans. At 31 December 2022, Kirtman had outstanding interest receivable of US$3 thousand (2021: Nil) due from PXP.

(J) Under certain framework agreements, Indofood has engaged in trade transactions in the ordinary course of business with certain of its associated companies, joint ventures and affiliated companies which are related to the Salim Family either through its control or joint control. Mr. Anthoni Salim is the Chairman and a substantial shareholder of the Company and is the President Director and Chief Executive Officer of Indofood.

All significant transactions with related parties, whether or not conducted under normal terms and conditions similar to those with non-related parties, are disclosed as follows:

Nature of Transactions

For the year ended 31 December US$ millions	**2022**	2021
Income Statement Items		
Sales of finished goods		
– to affiliated companies	**577.0**	570.3
– to an associated company	**30.0**	31.1
Purchases of raw materials and finished goods		
– from a joint venture	**25.8**	21.1
– from affiliated companies	**1.3**	1.7
Outsourcing expenses		
– to affiliated companies	**28.3**	29.0
Insurance expenses		
– to affiliated companies	**9.8**	10.1
Pump services expenses		
– to affiliated companies	**0.6**	0.5
Royalty and technical income		
– from an associated company	**5.1**	5.1
– from affiliated companies	**3.1**	2.6
Rental income		
– from affiliated companies	**1.6**	1.7

For the year ended 31 December 2022, Indofood also made lease payments of US$0.8 million (2021: US$0.9 million) to affiliated companies for the settlement of lease liabilities recognized.

Approximately 8% (2021: 9%) of Indofood's sales and 0.5% (2021: 0.5%) of its purchases were transacted with these related parties.

Nature of Balances

At 31 December US$ millions	**2022**	2021
Statement of Financial Position Items		
Accounts receivable – trade		
– from affiliated companies	**88.0**	88.0
– from an associated company	**5.8**	9.8
Accounts receivable – non-trade		
– from an associated company	**18.2**	30.2
– from affiliated companies	**8.4**	15.0
Accounts payable – trade		
– to affiliated companies	**5.4**	4.9
– to joint ventures	**3.2**	3.7
Deferred liabilities, provisions and payables		
– to affiliated companies	**38.2**	43.4

Certain of the above related party transactions of Indofood 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 68 to 80.

(K) In February 2021, 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 19 February 2021 to 31 December 2023 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.

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	**2022**	2021
Capital Expenditure Item		
Construction services for water infrastructure	**14.3**	0.3

(L) 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	**2022**	2021
Income Statement Item		
Electricity expenses	**32.9**	24.3

Nature of Balances

At 31 December US$ millions	**2022**	2021
Statement of Financial Position Item		
Accounts payable – trade	**0.5**	2.1

(M) 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	**2022**	2021
Income Statement Item		
Voice and data service expenses	**1.6**	3.5

Nature of Balances

At 31 December US$ millions	**2022**	2021
Statement of Financial Position Item		
Accounts payable – trade	**1.5**	1.5

(N) 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	**2022**	2021
Income Statement Item		
Information technology management and consultancy expenses	**7.6**	7.0

Nature of Balances

At 31 December US$ millions	**2022**	2021
Statement of Financial Position Item		
Accounts payable – trade	**0.9**	0.6

(O) 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 to Petronas, which were capitalized as part of the outstanding loans from Petronas.

(P) 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(E) 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.

(Q) 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 up front and the remaining Pesos 9.8 billion (US$195.8 million) would be settled by instalments until June 2021. The last instalment of Pesos 2.45 billion (US$51.0 million) was fully settled in June 2021.

(R) 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 period ended 31 March US$ millions	2021
Income Statement Item	
Sale of electricity	7.8

(S) Disclosures pursuant to Chapter 14A.72 of the Listing Rules as at 31 December 2022:

(I) Related party transactions numbered (A), (C), (J), (K) and (Q) 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 (D), (E), (L), (O), (P) and (R) 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 (B), (F), (G), (H), (I), (M) and (N) 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	2022 Financial assets at amortized cost	2022 Financial assets at FVOCI	2022 Financial assets at FVPL	2022 Derivative instruments[i]	2022 Total	2021 Financial assets at amortized cost	2021 Financial assets at FVOCI	2021 Derivative instruments[i]	2021 Total
Accounts and other receivables (Non-current)	62.6	–	–	2.0	64.6	51.8	–	1.7	53.5
Financial assets at FVOCI (Non-current)	–	527.0	–	–	527.0	–	361.1	–	361.1
Other non-current assets	60.0	–	20.0	–	80.0	92.6	–	–	92.6
Cash and cash equivalents and short-term deposits	2,620.6	–	–	–	2,620.6	3,209.3	–	–	3,209.3
Restricted cash	108.5	–	–	–	108.5	53.6	–	–	53.6
Financial assets at FVOCI (Current)	–	64.1	–	–	64.1	–	205.0	–	205.0
Accounts and other receivables (Current)	929.4	–	–	14.6	944.0	1,017.7	–	78.9	1,096.6
Total	**3,781.1**	**591.1**	**20.0**	**16.6**	**4,408.8**	4,425.0	566.1	80.6	5,071.7

(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	2022 Financial liabilities at amortized cost	2022 Financial liabilities at FVPL	2022 Derivative instruments[ii]	2022 Total	2021 Financial liabilities at amortized cost	2021 Financial liabilities at FVPL	2021 Derivative instruments[ii]	2021 Total
Accounts payable, other payables and accruals	1,543.4	–	–	1,543.4	1,476.5	–	–	1,476.5
Short-term borrowings	1,824.3	–	–	1,824.3	1,645.7	–	–	1,645.7
Current portion of deferred liabilities, provisions and payables	141.4	–	23.6	165.0	261.9	650.0	34.1	946.0
Long-term borrowings	9,398.0	–	–	9,398.0	9,482.7	–	–	9,482.7
Deferred liabilities, provisions and payables (Non-current)	643.9	12.1	4.7	660.7	759.9	–	0.5	760.4
Total	**13,551.0**	**12.1**	**28.3**	**13,591.4**	13,626.7	650.0	34.6	14,311.3

(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 assets.

- Fair value of unlisted investment included in financial assets at FVPL is measured by reference to the most recent transaction price.

- 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 contingent consideration 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 to or reasonably approximating their fair values at the end of the reporting period. The Group's financial instruments with carrying amounts equal to or reasonably approximating their fair values at 31 December 2022 and 2021 and lease liabilities are not included in this table.

	2022		2021	
US$ millions	**Carrying amount**	**Fair value**	Carrying amount	Fair value
Financial Liabilities				
Long-term borrowings	**9,398.0**	**8,287.7**	9,482.7	9,675.0
Deferred liabilities, provisions and payables (Non-current) (other than lease liabilities)	**615.7**	**579.3**	720.9	694.7
Total	**10,013.7**	**8,867.0**	10,203.6	10,369.7

(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:

	2022				2021			
US$ millions	**Level 1**	**Level 2**	**Level 3**	**Total**	Level 1	Level 2	Level 3	Total
Financial assets at FVOCI								
– Listed equity investments	**310.9**	**–**	**–**	**310.9**	328.4	–	–	328.4
– Unlisted investments	**–**	**184.0**	**96.2**	**280.2**	–	209.5	28.2	237.7
Financial assets at FVPL(i)								
– Unlisted investment	**–**	**20.0**	**–**	**20.0**	–	–	–	–
Derivative assets(ii)	**2.5**	**14.1**	**–**	**16.6**	63.8	16.8	–	80.6
Derivative liabilities(iii)	**–**	**(28.3)**	**–**	**(28.3)**	(31.7)	(2.9)	–	(34.6)
Financial liabilities at FVPL(iii)	**–**	**–**	**(12.1)**	**(12.1)**	–	–	(650.0)	(650.0)
Net Amount	**313.4**	**189.8**	**84.1**	**587.3**	360.5	223.4	(621.8)	(37.9)

(i) Included within other non-current assets
(ii) Included within accounts receivable, other receivables and prepayments
(iii) Included within deferred liabilities, provisions and payables

The fair values of unlisted investments and derivative assets and liabilities in Level 2 are measured by reference to the most recent transaction prices, market comparable companies or 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% (2021: 30%) and adjusted for the net debt of the investee, if applicable. The movements during the year are as follows:

Unlisted equity investments US$ millions	**2022**	2021
At 1 January	**28.2**	19.2
Changes in fair value	**16.2**	10.5
Additions	**54.3**	–
Exchange translation	**(2.5)**	(1.5)
At 31 December	**96.2**	28.2

At 31 December 2022, the fair value of financial liabilities at FVPL, which represents MUN's earn-out payment in relating to acquisition of 40% interest in JJC (2021: ICBP's retention amount payable in relating to Pinehill acquisition), categorized with Level 3 was determined based on the present value of the expected payment.

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 2022 and 2021, there were no transfers of fair value measurements among Level 1, Level 2 or 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 2022 and 2021.

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	**2022**	2021
Short-term borrowings	**1,824.3**	1,645.7
Long-term borrowings	**9,398.0**	9,482.7
Less: Cash and cash equivalents and short-term deposits	**(2,620.6)**	(3,209.3)
Less: Restricted cash	**(108.5)**	(53.6)
Net debt	**8,493.2**	7,865.5
Equity attributable to owners of the parent	**3,296.5**	3,298.6
Non-controlling interests	**7,069.3**	7,314.5
Total equity	**10,365.8**	10,613.1
Gearing ratio (times)	**0.82**	0.74

(B) Financial Risk Management

The Group's principal financial instruments include various financial assets (which comprise accounts receivable, other receivables, financial assets at fair values, 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, financial liabilities at fair values, 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 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 resulting 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, interest rate swaps, and electricity futures at the end of the reporting period are set out below:

	2022		2021	
US$ millions	**Assets**	**Liabilities**	Assets	Liabilities
Cash flow hedges				
– Fuel swaps	**7.1**	**17.6**	15.6	1.6
– Foreign currency forwards	**–**	**10.7**	0.4	0.8
– Interest rate swaps	**7.0**	**–**	0.8	0.5
– Electricity futures	**2.5**	**–**	63.8	31.7
Total	**16.6**	**28.3**	80.6	34.6
Represented by:				
Non-current portion	**2.0**	**4.7**	1.7	0.5
Current portion	**14.6**	**23.6**	78.9	34.1
Total	**16.6**	**28.3**	80.6	34.6

The notional amount of the Group's fuel swaps, foreign currency forwards, interest rate swaps, and electricity futures at the end of the reporting period are set out below:

US$ millions	2022	2021
Cash flow hedges		
– Fuel swaps	**265.3**	149.1
– Foreign currency forwards	**342.9**	174.0
– Interest rate swaps	**130.0**	130.0
– Electricity futures	**10.6**	39.4
Total	**748.8**	492.5
Represented by:		
Non-current portion	**125.9**	171.6
Current portion	**622.9**	320.9
Total	**748.8**	492.5

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 and 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 reducing or managing its foreign exchange rate exposures emanating from business, specific transaction, and currency translation risks to 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	2022	2021
Accounts receivable and other receivables	**155.1**	316.0
Cash and cash equivalents and short-term deposits	**885.1**	1,284.8
Short-term borrowings and long-term borrowings	**(3,274.3)**	(3,356.9)
Accounts payable, other payables and accruals	**(90.1)**	(88.9)
Deferred liabilities, provisions and payables	**(59.4)**	(714.9)
Net Amount	**(2,383.6)**	(2,559.9)

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, with all other variables held constant, of the Group's profit attributable to owners of the parent and retained earnings. The assumed depreciation or appreciation in the exchange rates of the Rupiah, Peso and S$ against US$ represents management's assessment of a reasonably possible change over the period until the ending date of the next annual reporting period. There is no significant impact on the other components of the Group's equity.

	2022		2021	
US$ millions	**Depreciation against the U.S. dollar (%)**	**(Decrease)/ increase in profit attributable to owners of the parent and retained earnings**	(Depreciation)/ appreciation against the U.S. dollar (%)	Decrease in profit attributable to owners of the parent and retained earnings
Rupiah	**(1.5)**	**(12.7)**	(2.3)	(19.6)
Peso	**(4.0)**	**(3.2)**	(1.9)	(2.4)
S$	**(3.5)**	**0.6**	0.1	–

(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 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 2022 and 2021, no hedging in the said commodity price risk were 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 2022, if the fuel and electricity prices increased/decreased by 10% (2021: 10%), the Group's unrealized cash flow hedge reserve and equity attributable to owners of the parent would have been US$11.7 million (2021: US$9.4 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 credit given to customers under the auspices of policies in place to ensure that sales 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 real estate business, the Group allows an instalment period of one to three years. For the power business, the Group generally allows 30 days of credit to its customers. PLP also requires cash deposits, advance payments 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	**2022 Total**
Debt investments at FVOCI					
– Not yet past due	181.6	–	–	–	**181.6**
Accounts receivable(i)	–	–	–	777.5	**777.5**
Contract assets(i)	–	–	–	51.0	**51.0**
Financial assets included in other receivables and other non-current assets					
– Not yet past due	313.3	–	–	–	**313.3**
Restricted cash					
– Not yet past due	108.5	–	–	–	**108.5**
Cash and cash equivalents and short-term deposits					
– Not yet past due	2,620.6	–	–	–	**2,620.6**
Guarantees for planation farmers' loan facilities					
– Not yet past due	18.4	–	–	–	**18.4**
Total	**3,242.4**	**–**	**–**	**828.5**	**4,070.9**

(i) For accounts receivable and contract assets to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in Note 17 to the Consolidated Financial Statements.

US$ millions	12-month ECLs Stage 1	Lifetime ECLs Stage 2	Lifetime ECLs Stage 3	Lifetime ECLs Simplified approach	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.

(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 access to further 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 issuances of equity capital.

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	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021
Not exceeding one year	**1,543.4**	1,476.5	**2,332.0**	1,957.9	**163.4**	968.7	**12.9**	14.0	**1.8**	2.0	**4,053.5**	4,419.1
More than one year but not exceeding two years	**–**	–	**1,836.6**	1,110.8	**167.7**	175.2	**10.4**	20.2	**2.1**	2.5	**2,016.8**	1,308.7
More than two years but not exceeding five years	**–**	–	**3,257.7**	3,165.3	**358.3**	179.9	**8.3**	8.8	**8.9**	10.1	**3,633.2**	3,364.1
More than five years	**–**	–	**7,526.8**	7,967.1	**424.9**	356.0	**15.4**	16.4	**5.6**	6.5	**7,972.7**	8,346.0
Total	**1,543.4**	1,476.5	**14,953.1**	14,201.1	**1,114.3**	1,679.8	**47.0**	59.4	**18.4**	21.1	**17,676.2**	17,437.9

(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 2022, 71.1% (2021: 70.6%) 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.

	2022		2021	
US$ millions	**Increase (Basis points)**	**(Decrease)/ increase in profit attributable to owners of the parent and retained earnings**	Increase (Basis points)	(Decrease)/ increase in profit attributable to owners of the parent and retained earnings
Interest rates for				
– U.S. dollar	**50**	**(1.3)**	150	(1.4)
– Rupiah	**25**	**(0.6)**	50	(0.9)
– Peso	**75**	**1.0**[i]	50	0.9[i]
– S$	**100**	**(0.9)**	50	(0.9)

(i) Net cash position after the exclusion of fixed rate borrowings

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, before the replacement of an existing interest rate benchmark with an alternative RFR.

At the end of the reporting period, the Group had certain interest-bearing borrowings denominated in the United States dollars and Singapore dollar based on the London Interbank Offered Rate ("LIBOR") and Singapore Swap Offer Rate ("SOR"), 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. The interest rates of these instruments are based on the LIBOR and SOR will cease to be published after 30 June 2023. 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.

During the year ended 31 December 2022, the Group had refinanced/transited certain LIBOR linked bank loans, and prepaid certain SOR linked bank loans with no material impact to the Consolidated Financial Statements. The Group is engaging with the banks proactively for a smooth transition and expects to transit the remaining LIBOR and SOR financial instruments to an alternative RFRs before their cessation on 30 June 2023.

The carrying amounts of financial instruments based on an interbank offered rate that have yet to transition to an alternative benchmark rate at the end of the reporting period are summarized as follows:

US$ millions	**2022**	2021
Non-derivative liabilities		
Bank loans – US$ LIBOR	**705.0**	1,162.3
– S$ SOR	**254.8**	459.8
	959.8	1,622.1
Derivative assets, net		
Interest rate swaps – US$ LIBOR[(i)]	**7.0**	0.3

(i) The notional amount of the interest rate swaps is US$130.0 million (2021: 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	**2022**	2021
Non-current Assets		
Subsidiary companies	**209.4**	189.3
Financial assets at FVOCI	**1.2**	1.3
Other receivables	**1.8**	0.8
	212.4	191.4
Current Assets		
Cash and cash equivalents	**88.2**	100.6
Amounts due from subsidiary companies	**2,306.9**	2,482.4
Other receivables and prepayments	**7.3**	0.5
	2,402.4	2,583.5
Current Liabilities		
Amounts due to subsidiary companies	**382.2**	208.2
Other payables and accruals	**2.4**	2.6
	384.6	210.8
Net Current Assets	**2,017.8**	2,372.7
Total Assets Less Current Liabilities	**2,230.2**	2,564.1
Equity		
Issued share capital	**42.4**	42.8
Shares held for share award scheme	**(2.2)**	(2.0)
Accumulated losses	**(347.8)**	(275.8)
Other components of equity[(i)]	**1,447.1**	1,571.5
Equity attributable to owners of the parent	**1,139.5**	1,336.5
Non-current Liabilities		
Loans from subsidiary companies	**1,090.7**	1,227.6
	1,090.7	1,227.6
	2,230.2	2,564.1

(i) The Company's other components of equity comprise share premium, employee share-based compensation reserve, fair value reserve of financial assets at FVOCI and contributed surplus (Note 31).

The Company's statement of changes in equity is as follows:

US$ millions	Issued share capital	Shares held for share award scheme	Share premium	Employee share-based compensation reserve	Fair value reserve of financial assets at FVOCI	Contributed surplus	Accumulated losses	Total
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 income/(loss) for the year	–	–	–	–	0.2	–	(169.1)	(168.9)
Repurchase and cancellation of shares	(0.6)	–	(23.2)	–	–	–	–	(23.8)
Purchase of shares under share award scheme	–	(1.3)	–	–	–	–	–	(1.3)
Shares vested under share award scheme	–	1.7	–	(1.7)	–	–	–	–
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
At 1 January 2022	42.8	(2.0)	39.9	2.9	(0.2)	1,528.9	(275.8)	**1,336.5**
Loss for the year	–	–	–	–	–	–	(72.3)	**(72.3)**
Other comprehensive loss for the year	–	–	–	–	(0.1)	–	–	**(0.1)**
Total comprehensive loss for the year	–	–	–	–	(0.1)	–	(72.3)	**(72.4)**
Repurchase and cancellation of shares	(0.4)	–	(14.1)	–	–	–	–	**(14.5)**
Purchase of shares under share award scheme	–	(1.0)	–	–	–	–	–	**(1.0)**
Issue of shares under share award scheme	–	(0.9)	0.9	–	–	–	–	**–**
Shares vested under share award scheme	–	1.7	–	(1.7)	–	–	–	**–**
Cancelation of share options	–	–	–	(0.3)	–	–	0.3	**–**
Employee share-based compensation benefits	–	–	–	2.1	–	–	–	**2.1**
2021 final distribution paid	–	–	–	–	–	(54.3)	–	**(54.3)**
2022 interim distribution paid	–	–	–	–	–	(56.9)	–	**(56.9)**
At 31 December 2022	**42.4**	**(2.2)**	**26.7**	**3.0**	**(0.3)**	**1,417.7**	**(347.8)**	**1,139.5**

42. Event after the Reporting Period

On 6 February 2023, MPIC, through its wholly-owned subsidiary company, Metro Pacific Agro Ventures, Inc., entered into an agreement to acquire 1,190 million common shares, representing approximately 31.3% economic interest, and subscribe 200 million redeemable preferred shares in ARC for aggregate considerations of Pesos 5.32 billion (US$97.5 million). On completion and subject to securing regulatory approvals, MPIC will have a voting interest constituting approximately 34.8% of the total issued and outstanding capital stock of ARC.

ARC is a fully integrated manufacturer of high-quality coconut products for domestic and international food and beverage companies.

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 30 March 2023.

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

Glossary of Terms

Others

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 2023

Financial Diary

Preliminary announcement of 2022 results	30 March 2023
Annual report posted to shareholders	28 April 2023
2023 Annual General Meeting	16 June 2023
Last day to register for final distribution	21 June 2023
Payment of final distribution	6 July 2023
Preliminary announcement of 2023 interim results	25 August 2023*
Interim report posted to shareholders	28 September 2023*
Financial year-end	31 December 2023
Preliminary announcement of 2023 results	28 March 2024*

* Subject to confirmation

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Fax : +852 2845 9243
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Registered Office

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Hamilton HM11, Bermuda
Telephone : +1 441 295 1422
Fax : +1 441 295 4720

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	4,241,660,570

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

Shops 1712–1716, 17th Floor, Hopewell Centre
183 Queen's Road East, Wanchai, Hong Kong SAR

A Chinese Version of this Report, or Additional Information

Available at:

www.firstpacific.com

Or contact:

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Auditor

Ernst & Young
Certified Public Accountants
Registered Public Interest Entity Auditor
27th Floor, One Taikoo Place
979 King's Road, Quarry Bay, Hong Kong SAR

Solicitor

Gibson, Dunn & Crutcher
32nd Floor, Gloucester Tower, The Landmark
15 Queen's Road Central, Hong Kong SAR

Principal Bankers

Bank of China (Hong Kong) Limited
China Banking Corporation
Mizuho Bank, Ltd.
Sumitomo Mitsui Banking Corporation
The Hongkong & Shanghai Banking Corporation Limited

Summary of Principal Investments

As at 31 December 2022

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. Indofood manufactures and distributes a wide range of food and beverage products from its four complementary Strategic 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%
Initial investment	:	1999

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%
Initial investment	:	1998

Further information on PLDT can be found at www.pldt.com.

Metro Pacific Investments Corporation

MPIC (PSE: MPI) is a leading infrastructure investment and management company. Its shares are listed on the Philippine Stock Exchange.

Sector	:	Infrastructure, Utilities and Healthcare
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	:	46.1%/59.1%
Initial investment	:	2006

Further information on MPIC can be found at www.mpic.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	:	12,205
Particulars of issued shares held	:	Shares of US$1 par value
Economic/voting interest	:	68.7%(1)/60.0%
Initial investment	:	2013

(1) Includes a 8.7% 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 liquified natural gas-fired combined cycle facility. PLP's solar energy solutions will further enhance its 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	:	54.7%(2)/70.0%
Initial investment	:	2013

(2) Represents a 42.0% effective economic interest in PLP held by First Pacific through its interest in FPM Power and a 12.7% 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.

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	:	5.8 billion
Particulars of issued shares held	:	Common shares of Peso 1 par value
Economic and voting interests	:	31.2%(3)
Initial investment	:	2008

(3) Two Rivers Pacific Holdings Corporation, a Philippine affiliate of First Pacific, holds an additional 15.0% economic and voting interest in Philex.

Further information on Philex can be found at www.philexmining.com.ph.

PXP Energy Corporation

PXP (PSE: PXP) is a Philippine-listed company engaged in upstream oil and gas 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%(4)(5)/21.7%
Initial investment	:	2013

(4) Includes a 14.0% effective economic interest in PXP held by First Pacific through its indirect interests in Philex.
(5) Two Rivers Pacific Holdings Corporation, a Philippine affiliate of First Pacific, holds an additional 6.7% economic and voting interest in PXP.

Further information on PXP can be found at www.pxpenergy.com.ph.

Summary of Principal Investments

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	:	80.9%(6)/100.0%(7)
Initial investment	:	2013

(6) Includes a 10.9% 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 bioethanol producer.

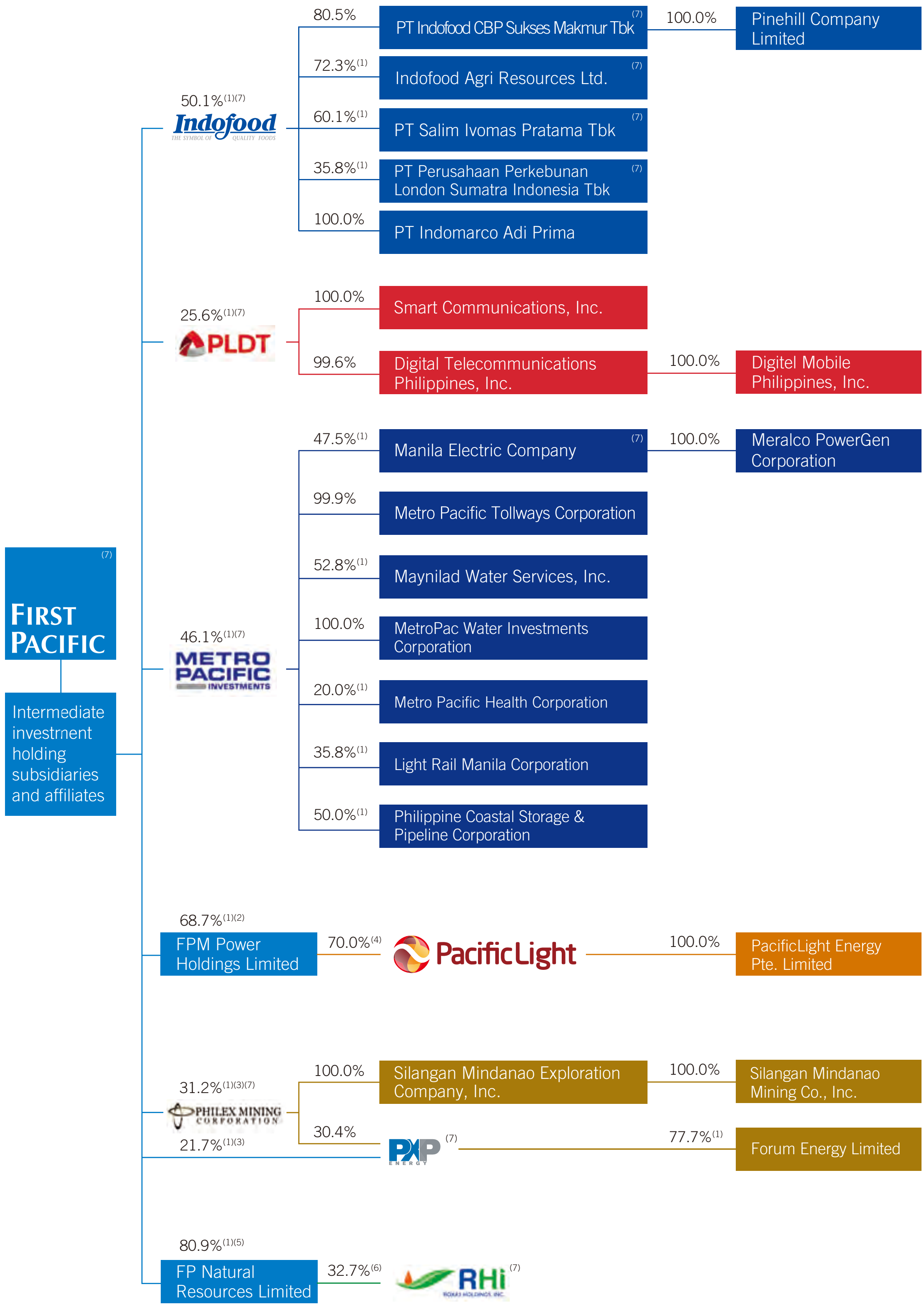
Sector	:	Consumer Food Products
Place of incorporation/business area	:	The Philippines
Outstanding number of shares	:	1.5 billion
Particulars of outstanding shares held	:	Common shares of Peso 1 par value
Economic/voting interest	:	26.5%(8)(9)/32.7%(9)
Initial investment	:	2013

(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 2023



(1) Economic interest.
(2) Includes a 8.7% effective economic interest in FPM Power held through First Pacific's indirect interests in Meralco.
(3) Two Rivers, a Philippine affiliate of First Pacific, holds additional 15.0% and 6.7% economic interests in Philex and PXP, respectively.
(4) Meralco through its wholly-owned subsidiary MGen holds the remaining 30.0% interest in PLP.
(5) Includes a 10.9% 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 Company Limited

(Incorporated with limited liability under the laws of Bermuda)

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