

**NOTICE OF ANNUAL MEETING
OF STOCKHOLDERS OF
KEPPEL PHILIPPINES HOLDINGS, INC.**

TO OUR STOCKHOLDERS:

Please take notice that the Annual Meeting of Stockholders of Keppel Philippines Holdings, Inc. shall be conducted at the KPH Meeting Room, Unit 3-B Country Space 1 Building, 133 Sen. Gil Puyat Avenue, Salcedo Village, Barangay Bel-Air, Makati City on 16 June 2023, Friday, at 11:30 a.m.

Considering that the health and safety of our stakeholders remains a paramount concern of the Company because of COVID-19, participation by stockholders at the upcoming Meeting may be by appointing a proxy or by remote communication via WebEx online meeting.

The Agenda:

1. Call to Order
2. Proof of Notice of Meeting and Certification of Quorum
3. Reading and Approval of the Minutes of the Annual Stockholders' Meeting held on 17 June 2022
4. Presentation of the 2022 Annual Report and Approval of the 2022 Audited Financial Statements
5. Ratification of Corporate Acts and Proceedings of the Board of Directors, Officers and Management of the Corporation for the Period under Review
6. Election of Directors for the Year 2023-2024
7. Appointment of External Auditor
8. Such other matters as may properly come up before the Meeting
9. Adjournment

The Board of Directors has fixed the close of business on 22 May 2023 as the record date for the determination of stockholders entitled to notice of and vote at the meeting.

Only stockholders of record at the close of business on 22 May 2023 are entitled to notice of, and to vote at, this meeting.

Stockholders intending to participate via remote communication shall send a notification/confirmation of their attendance by e-mail to info@keppelph.com on or before 13 June 2023.

Guidelines on participation and voting in absentia can be viewed together with the Definitive Information Statement to be posted on the Company's website and PSE Edge.


MA. MELVA E. VALDEZ

SECURITIES AND EXCHANGE COMMISSION

**SEC FORM 20-IS
INFORMATION STATEMENT PURSUANT TO SECTION 20
OF THE SECURITIES REGULATION CODE**

1. Check the appropriate box:
 Preliminary Information Statement
 Definitive Information Statement
2. Name of Registrant as specified in its charter: **KEPPEL PHILIPPINES HOLDINGS, INC.**
3. Province, country or other jurisdiction of incorporation or organization: **Philippines**
4. SEC Identification Number: **62596**
5. BIR Tax Identification No: **000-163-715-000**
6. Address of principal office: **Unit 3-B Country Space 1 Building
133 Sen. Gil Puyat Avenue
Salcedo Village, Barangay Bel-Air, Makati City** Postal Code: **1200**
7. Registrant's telephone number, including area code: **(632) 8892-1816**
8. Date, time and place of the meeting of security holders:
Date : 16 June 2023
Time : 11:30 a.m.
**Place : KPHI Meeting Room, Unit 3-B Country Space 1 Building, 133 Sen. Gil Puyat Avenue,
Salcedo Village, Barangay Bel-Air, Makati City
(Through remote communication via WebEx online meeting)**
9. Approximate date on which the Information Statement is first to be sent or given to security holders: **on or before 25 May 2023.** Pursuant to SEC Notice dated 13 March 2023 providing for alternative mode for distributing and providing copies of the Notice of Meeting, Information Statement, and other documents in connection with the holding of Annual Stockholders' Meeting for 2023, the same will be available at KPHI's website www.keppelph.com and via Philippine Stock Exchange (PSE)'s website – PSE Edge Portal.
10. In case of Proxy Solicitations: **NOT APPLICABLE**
- Name of Person Filing the Solicitation Statement:
Address and Tel. No.
11. Securities registered pursuant to Sections 8 and 12 of the Code or Section 4 and 8 of the RSA:
- | Title of Each Class | Number of Shares of Common Stock Outstanding
(As of 30 April 2023) |
|-------------------------|---|
| Class 'A' Common | 35,756,070 |
| Class 'B' Common | 21,476,949 |
| | <u>57,233,019</u> (Net of 15,940,481 Treasury shares) |
12. Are any or all of registrant's securities listed on the Philippines Stock Exchange?
Yes No

PART 1

INFORMATION REQUIRED IN INFORMATION STATEMENT

A. GENERAL INFORMATION

1. Date, Time, and Place of Meeting of Security Holders

(a) The annual stockholders' meeting shall be held on:

Date : **16 June 2023**

Time : **11:30 a.m.**

Place : **KPHI Meeting Room, Unit 3-B Country Space 1 Building, 133 Sen. Gil Puyat Avenue, Salcedo Village, Barangay Bel-Air, Makati City (Through remote communication via WebEx online meeting)**

Complete Mailing Address of Principal Office of Registrant:

**Keppel Philippines Holdings, Inc.
Unit 3-B Country Space 1 Building
133 Sen. Gil Puyat Avenue
Salcedo Village, Barangay Bel-Air, Makati City 1200**

Stockholders intending to participate via remote communication shall send a notification/confirmation of their attendance by e-mail to info@keppelph.com on or before 13 June 2023.

(b) The approximate date on which the information statement is to be sent and given to the security holders shall be **on or before 25 May 2023**. Pursuant to SEC Notice dated 13 March 2023 providing for alternative mode for distributing and providing copies of the Notice of Meeting, Information Statement, and other documents in connection with the holding of Annual Stockholders' Meeting for 2023, the same will be available at KPHI's website www.keppelph.com and via Philippine Stock Exchange (PSE)'s website – PSE Edge Portal.

WE ARE NOT ASKING YOU FOR A PROXY AND YOU ARE REQUESTED NOT TO SEND US A PROXY

2. Dissenters' Right of Appraisal

There are no matters or proposed corporate actions to be taken up during the annual stockholders meeting which may give rise to a possible exercise by security holders of their appraisal rights under Section 80 of the Revised Corporation Code of the Philippines (Republic Act No. 11232). The following are the instances where a stockholder have a right to dissent or demand payment as enumerated under Sec. 80 of the Revised Corporation Code of the Philippines: (a) in case an amendment to the articles of incorporation has the effect of changing or restricting the rights of any stockholder or class of shares, or of authorizing preferences in any respect superior to those of outstanding shares of any class, or of extending or shortening the term of corporate existence; (b) in case of sale, lease, exchange, transfer, mortgage, pledge, or other disposition of all or substantially all of the corporate property and assets as provided in this Code; (c) in case of merger or consolidation; and (d) in case of investment of corporate funds for any purpose other than the primary purpose of the corporation.

The appraisal right may be exercised by any stockholder who shall have voted against the proposed corporate action, by making a written demand on the corporation within thirty (30) days after the date on which the vote taken for payment of the fair value of his shares: Provided, that failure to make the demand within such period shall be deemed a waiver for the appraisal right. If the proposed corporate action is implemented or effected, the corporation shall pay to such stockholder upon surrender of his certificate(s) of stock representing his shares, the fair value thereof as of the day prior to the date on which the vote was taken, excluding any appreciation or depreciation in anticipation of such corporate action.

3. Interest of Certain Persons in or Opposition to Matters to be Acted Upon

- (a) No person who has been a director or officer of the registrant at any time since the beginning of the last fiscal year, or any nominee for election as a director of the registrant, or associate of any of the foregoing persons, has any substantial interest in, direct or indirect, by security holdings or otherwise, on any matter to be acted upon other than election to office.
- (b) No director of the registrant has informed the registrant in writing that he intends to oppose any action to be taken by the registrant at the meeting.

B. CONTROL AND COMPENSATION INFORMATION

4. Voting Securities and Principal Holders Thereof

(a) Class of Voting Shares as of 30 April 2023:

| Class of Voting Shares | No. of Shares Outstanding | Nationality | % | No. of Vote Each Shares Entitled |
|-------------------------------|----------------------------------|--------------------|----------|---|
| Class 'A' Common Shares | 35,756,070 | Filipino | 62.48 | One (1) vote per share |
| Class 'B' Common Shares | 3,819,676 | Filipino | 6.67 | One (1) vote per share |
| Class 'B' Common Shares | 17,657,273 | Foreign | 30.85 | One (1) vote per share |
| Total Common Shares | 57,233,019 | | 100.00 | One (1) vote per share |

- (b) All stockholders of record as of 22 May 2023 are entitled to notice of and to vote at the Annual Stockholders' Meeting.
- (c) The election of directors shall be taken up at the meeting and pursuant to Section 23 of the Revised Corporation Code of the Philippines (Republic Act No. 11232). Each stockholder shall be entitled to one (1) vote per share. A stockholder may (1) vote such number of shares registered in his name as of the record date for as many persons as there are directors to be elected, (2) or he may cumulate said shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of his shares owned, (3) or he may distribute them on the same principle among as many candidates as he shall see fit. There are no conditions precedents for the exercise of the cumulative voting rights in the election of directors. The total number of votes cast by such stockholder should not exceed the number of shares owned by him as shown in the books of the Corporation multiplied by the whole number of directors to be elected.

Section 57 of the RA 11232 provides that stockholders and members may vote in person or by proxy in all meetings of stockholders or members. When so authorized in the bylaws or by a majority of the board of directors, the stockholders or members of the corporations may also vote through remote communication or in absentia: Provided, That the votes are received before the corporation finishes the tally of votes. A stockholder who participates through remote communication or in absentia, shall be deemed present for purposes of quorum. The corporation shall establish the appropriate requirements and procedures for voting through remote communication and in absentia, taking into account the company's scale, number of shareholders or members, structure, and other factors consistent with the basic right of corporate suffrage. Proxies shall be in writing, signed and filed, by the stockholder, in any form authorized in the bylaws and received by the corporate secretary within a reasonable time before the scheduled meeting. Unless otherwise provided in the proxy form, it shall be valid only for the meeting for which it is intended. No proxy shall be valid and effective for a period longer than five (5) years at any more time.

The manner of voting shall be through remote communication pursuant to Section 57 of RA 11232, as authorized by the board of directors during its regular meeting on 17 February 2023, and the Company's internal rules and procedures for voting through remote communication. The Guidelines for Participation Via Remote Communication and Voting in Absentia shall be posted in the website, and distributed to stockholders with the Definitive Information Statement. In all matters included in the agenda, except the election of directors, the counting of votes will be done through the regular method. Stock Transfer Service, Inc., a stock transfer agent is present to count and validate the votes during the Annual Stockholders' Meeting.

- (d) In the election of director, the seven (7) nominees with the highest number of votes will be elected directors. If the number of nominees for election as directors does not exceed the number of directors to be elected, the Secretary of the Meeting shall be instructed to cast all votes represented at the Meeting equally in favor of all such nominees. On the other hand, if the number of nominees for election as directors exceeds the number of directors to be elected, voting shall be done by ballot, cumulative voting will be followed and counting of votes shall be done by representatives of the Company's external auditor or, in their absence, by the Corporate Secretary.

Method of Counting Votes

The Corporate Secretary will be responsible for counting the votes based on the number of shares entitled to vote owned by the stockholders who are present or represented by proxies at the Annual Meeting of the stockholders.

- (e) Information required by Part IV Paragraph (C) of "Annex C" to the extent known by the persons on whose behalf the solicitation is made.

- (1) Security Ownership of Certain Record and Beneficial Owners:

The persons known to the registrant to be directly or indirectly the record or beneficial owner of more than 5% of the registrant's voting securities as of 30 April 2023 are as follows:

| Title of Class | Name, Address of record owner and Relationship with Issuer | Name of Beneficial Owner and Relationship with Record Owner | Citizenship | No. of Shares Held | Percent |
|-----------------------|---|--|---------------------------------|--|----------------|
| Common | Kepwealth, Inc. ^a Unit 3-B, Country Space I Bldg., 133 Sen. Gil Puyat Ave. Salcedo Village, Barangay Bel-Air, Makati City | Alan I. Claveria (Director) | Filipino | Class 'A': 28,817,182 Class 'B': <u>1,715,748</u> 30,532,930 | 53.35 |
| Common | Keppel Corporation Limited ^b 1 Harbour Front Ave, #18-01, Keppel Bay Tower, Singapore 098632 | Kevin Chng Chee Keong (Director) | Malaysian | Class 'B': 16,894,087 | 29.52 |
| Common | PCD Nominee Corp. - Filipino ^c 37/F, Enterprise Bldg., Ayala Ave., Makati City | | Filipino Filipino Foreign | Class 'A': 4,382,065 Class 'B': 2,018,846 Class 'B': <u>544,974</u> 6,945,885 | 12.14 |

- a. *Kepwealth, Inc. is majority-owned by Kepventure, Inc. The Chairman, or in his absence, the President of Kepwealth is duly authorized as proxy to vote in the shares of Kepwealth in the Company.*
- b. *Keppel Corporation Limited (KCL) is listed in the Singapore Stock Exchange. The Chairman of the Board or in his absence, the President or in his absence the Chairman of the meeting shall have the right to vote or direct voting or disposition of the shareholdings of KCL in the Company.*
- c. *PCD Nominee Corp. is a wholly owned subsidiary of the Philippine Central Depository, Inc. (PCD). It is the registered owner of the shares in the books of the Company's transfer agents in the Philippines. The beneficial owners of such shares are PCD's participants. PCD holds the shares on their (beneficial owners) behalf or on behalf of their (PCD) clients. PCD is a private company organized by the major institutions actively*

participating in the Philippine capital markets to implement an automated book-entry system of handling securities transactions in the Philippines. There are no other clients of PCD-Nominee Corp. that are reported to own more than 5% of the Company's total outstanding and issued common shares.

(2) Security Ownership of Directors and Management as of 30 April 2023:

| Title of Class | Name of Beneficial Owner | Amount and Nature of Beneficial Ownership ("d" or "i") | Citizenship | % of Class |
|--|--|--|-------------|------------|
| Common | Kevin <u>Chng</u> Chee Keong – Chairman / Director | Class 'B': 1 (d) | Singaporean | – |
| Common | Alan I. Claveria – President / Director | Class 'A': 38 (d) | Filipino | – |
| Common | Celso P. Vivas – Lead Independent Director | Class 'A': 1 (d) | Filipino | – |
| Common | Ramon J. Abejuela – Independent Director | Class 'A': 1 (d) | Filipino | – |
| Common | Leonardo R. Arguelles, Jr. – Independent Director | Class 'B': 1 (d) | Filipino | – |
| Common | Stefan <u>Tong</u> Wai Mun – Director | Class 'B': 1 (d) | Malaysian | – |
| Common | Felicidad V. Razon – Vice President / Treasurer / Director | Class 'A': 1 (d) | Filipino | – |
| | Maria Melva E. Valdez – Corporate Secretary | – | Filipino | – |
| | Pamela Ann T. Cayabyab – Asst. Corporate Secretary | – | Filipino | – |
| Directors and executive officers as a group | | 44 | | – |

(3) Voting Trust Holders of 5% or More
There are no voting trust holders of 5% or more -+

(4) Changes in Control
There is no change in control of the registrant and there is no arrangement which may result in change of control.

(f) No change in control of the registrant has occurred since the beginning of the last fiscal year.

5. Directors and Executive Officers

(a) (1) Directors

The Board of Directors of Keppel Philippines Holdings, Inc. ("KPHI" or the "Company") is currently composed of seven (7) members, three (3) of whom are independent directors. The term of office of each member is one (1) year except where the director is elected by the Board of Directors during the term. The members of the Board of Directors of the Company are elected at the Annual Stockholders' Meeting to hold office until the next succeeding annual meeting and until their respective successors have been elected and qualified. The current members of the Board of Directors are as follows:

- Kevin Chng Chee Keong**, 50, Singaporean, has been elected as Chairman of the Board of the Company on 8 May 2020. He is currently the Chief Financial Officer of Keppel Offshore Marine, a role he assumed since 1 January 2020. He joined Keppel Corporation Limited as General Manager of Group Risk Compliance in November 2016. Prior to joining Keppel, he had been with the Credit Suisse Group in Singapore and Hong Kong for 16 years where he last served as their Regional Head of Internal Audit (Asia Pacific). Being part of the global audit leadership team, he was in-charge of delivering risk-based audit plans and maintaining oversight of the region's consolidated risks. This included annual and continuous risk assessments, as well as the development of audit approaches taking into consideration changes in risk profile, market, and operating environment. He was based in Australia in the earlier part of his career and took on roles in the areas of audit and risk management with Price Waterhouse and Ord Minnett Group. He started his career with Price Waterhouse Singapore, having graduated with a Bachelor of Commerce (Accounting and Information System) with Merit degree from the University of New South Wales. He is a Chartered Accountant with Chartered Accountants Australia & New Zealand (previously the Institute of Chartered Accountants Australia).
- Alan I. Claveria**, 51, Filipino, has been elected as President and appointed as regular Director of the Company on 14 September 2017. Prior to his appointment, he was the Senior Manager, Administration and Corporate Affairs of Keppel Philippines Marine, Inc. (KPMI). He is concurrently the President and Director of Consort Capital, Inc. He also holds the position of Treasurer and Director in KPSI Property, Inc., and other Keppel companies in the Philippines. He provides advice in matters relating to corporate affairs and communication, administration, and human resources, drawing from his experience from holding various positions in Keppel's different business units involved in shipbuilding and ship repair, towage and salvage, investment, and real estate. Mr. Claveria holds a Master's in Business Administration degree from the Ateneo Graduate School of Business and finished BS Management, Major in Legal Management at the Ateneo de Manila University. He has been with Keppel in the Philippines for over 20 years.
- Celso P. Vivas**, 76, Filipino, has been an Independent Director of Keppel Philippines Holdings, Inc. since June 2005 and is currently the Company's Lead Independent Director and Chairman of the Audit, Risk and Compliance Committee. He is currently an Independent Director and member of the Audit, Risk Management and Compliance Committee of Keppel Philippine Properties, Inc.; Chairman of Megawide Construction Corp.'s Audit and Compliance Committee and member of both the Board Risk Oversight and Governance, Nomination and Remuneration Committee; Chairman of Republic Glass Holdings Corp.'s Governance, Nomination and Remuneration Committee, and member of the Audit and Risk Management Committee. He is also an Independent Director of Goodsoil Marine Realty, Inc., Goodwealth Realty Development, Inc., and Consort Land Inc., subsidiaries & related companies of KPHI. He was Independent Director and

Chairman of the Audit Committee of Keppel Philippines Marine, Inc. and Keppel Subic Shipyard, Inc. till June 2022. He was Risk Consulting Partner and Assurance Business Advisory Partner of SGV & Company until his retirement in 2001. Mr. Vivas obtained his Bachelor's Degree in Business Administration (Cum Laude) from the University of the East. He also obtained a Master's Degree in Business Management from the Asian Institute of Management (SGV & Co. Scholar). He is also a graduate of Company Directors' Course from Australian Institute of Company Directors (ICD Scholar). Mr. Vivas is a Certified Public Accountant and has over 50 years of experience in audit, finance, enterprise risk management, and corporate governance.

4. **Ramon J. Abejuela**, 73 years old, Filipino, has been an Independent Director of Keppel Philippines Holdings, Inc. since 14 September 2017. He was an Independent Director of Keppel Philippines Properties, Inc. (KPPI) from November 1999 to June 2008. He was re-elected as Independent Director in 2009 and is currently the Chairman of the Audit, Risk Management and Compliance Committee of KPPI. He serves as Independent Director and Chairman of the Audit Committee of Mabuhay Vinyl Corporation as of July 2022 to present. He served as Independent Director of Keppel Philippine Marine, Inc. and Keppel Subic Shipyard, Inc. in June 2020 to June 2022. He also serves as Director and Vice Chairman of the Board of Philippine Nutri-Foods Corporation and NCP Publishing Inc. since 2004. Mr. Abejuela holds a Bachelor of Science in Chemical Engineering Degree (cum laude) from De La Salle University and a Master's Degree in Business Management – General Management Curriculum from the Asian Institute of Management. Mr. Abejuela has more than 45 years of experience in the field of financial planning, control, and consultancy.
5. **Leonardo R. Arguelles, Jr.**, 73, Filipino, has been an Independent Director of Keppel Philippines Holdings, Inc. since 19 June 2020 and Keppel Philippines Properties, Inc. since 13 August 2020. He was the President and Director of Unicapital Securities Inc. (Stockbroker) from 2001 to March 2019 and Managing Director of Unicapital, Inc (Investment House) from 2003 to March 2019. He was an Advisory Board Member of Basic Energy Corporation (listed company) from 2012 to 2019 and Director of Des Eaux Utilities Corp from 2007 to March 2019. He was an Independent Director of Royal Bank of Scotland, Manila Branch from 2002 to 2009 and Anglo Philippines Holdings (listed company) from 2004 to 2007. He was Executive Director of Keppel IVI Investments from 1989 to 1997. He graduated from Ateneo de Manila University with AB Economics. He has more than 45 years of experience in the field of investment banking.
6. **Stefan Tong Wai Mun**, 50, Malaysian, has been a regular Director of the Company since June 2007 and had been the President from same period until 14 September 2017. He has been a regular Director of Keppel Philippine Properties, Inc. since June 2007 and has been elected as regular Director of Keppel Philippines Marine, Inc. in February 2010 and Executive Vice-President in June 2011. He is also a regular Director of various Keppel companies in the Philippines. Mr. Tong graduated from University of Western Australia with a Bachelor's Degree in Accounting and Finance (Honors). He is a Chartered Accountant and a member of the Chartered Accountants Australia and New Zealand. He has more than 20 years of experience in banking, finance, and real estate.
7. **Felicidad V. Razon**, 62, Filipino, has been a regular Director of the Company since May 2014. She joined the Company as Finance Manager in May 2008 and has been appointed as Treasurer in June 2008 and elected/appointed as Vice President/Treasurer in November 2013. She is also a Chairman/President of Goodsoil Marine Realty, Inc. and Goodwealth Realty Development Corp., Director and President of Consort Land, Inc. and regular director and officer of KPHI related companies. Prior to Keppel Group, Ms. Razon has been Finance Manager/Officer of various local companies involved in manufacturing, shipping and freight forwarding. She graduated from Polytechnic University of the Philippines with Bachelor of Science Degree in Commerce Major in Accountancy and is a Certified Public Accountant. She has more than 35 years of experience in her field of profession.

The foregoing business experiences of the directors cover the five-year period.

(2) Nominees for Election as Chairman and Members of the Board of Directors

The Nomination Committee (now changed and called as "Corporate Governance & Nomination Committee" following approval by the Board on 17 June 2022) composed of Ramon J. Abejuela (Chairman), Celso P. Vivas, Leonardo R. Arguelles, and Stefan Tong Wai Mun received recommendations for the position of Chairman, regular and independent directors for the Company. The said recommendations were signed by the nominating stockholders together with the acceptance and conformity of the would-be nominees. The nominating stockholders are not acting as a nominee or representative of any director or substantial shareholder of the Company, and/or any of its related companies and/or any of its substantial shareholders, pursuant to a deed of trust or under any contract or arrangement. The qualifications of the candidates were pre-screened by the Corporate Governance and Nomination Committee on its meeting held on 11 May 2023. Hereunder is the Final List of Candidates:

| Nominee | Nominating Person or Group | Relationship with the Nominee |
|---|----------------------------|-------------------------------|
| Kevin <u>Chng</u> Chee Keong (Chairman) | Felicidad V. Razon | None |
| Celso P. Vivas (Lead Independent Director) | Alan I. Claveria | None |
| Ramon J. Abejuela (Independent Director) | Alan I. Claveria | None |
| Leonardo R. Arguelles, Jr. (Independent Director) | Alan I. Claveria | None |
| Stefan <u>Tong</u> Wai Mun (Regular Director) | Alan I. Claveria | None |
| Alan I. Claveria (Regular Director) | Felicidad V. Razon | None |
| Felicidad V. Razon (Regular Director) | Alan I. Claveria | None |

The amended By-laws of the Company, as approved by the Securities and Exchange Commission on 9 September 2003, further amended on 26 July 2018, and subsequently amended on 20 February 2023, provides for the procedure for the nomination and election of Independent Directors pursuant to SRC Rule 38, as amended.

The nominees for the Board of Directors for the ensuing calendar year are as follows:

- (1) Kevin Chng Chee Keong – Chairman of the Board
- (2) Alan I. Claveria
- (3) Celso P. Vivas – Lead Independent Director
- (4) Ramon J. Abejuela – Independent Director
- (5) Leonardo R. Arguelles, Jr. – Independent Director
- (6) Stefan Tong Wai Mun
- (7) Felicidad V. Razon

No relationship exists as between the nominees and the person who nominated them.

The nominees for Independent Directors were advised of SEC Memorandum Circular No. 5, Series of 2017 regarding the required Certificate of Qualification of Independent Directors. They were likewise informed of SEC Memorandum Circular No. 15, Series of 2017 on the term limit of Independent Directors.

While Mr. Vivas has served as Independent Director for a cumulative term of eleven (11) years, his extensive experience and unquestionable familiarity on the operations of the Company were noted, which renders him most qualified to provide impartial advice and guidance to the Company.

Further, the intention of the law in providing the maximum period of service of Independent Directors to a cumulative period of nine (9) years is *“to ensure the exercise of independent judgment on corporate affairs and proper oversight of managerial performance, including prevention of conflict of interests and balances of competing demands of the corporation.”*

The excellent track record of Mr. Vivas, notably his advocacy for corporate governance, his dedication and general professional approach to all matters at the Audit, Risk and Compliance Committee, the Corporate Governance and Nomination Committee and the Board of Directors' level, contributed immensely to ensuring that adequate mechanisms for proper checks and balances in the Company are in place, as well as in securing objective judgement on corporate affairs. Despite maximizing the 9-year term, it was noted that the re-election of Mr. Vivas for another term can prove beneficial to even strengthening Board independence.

(3) Incumbent Directors and Officers

- (a) **Alan I. Claveria**, President - (See foregoing Director's Profile)
- (b) **Felicidad V. Razon**, Vice President / Treasurer / Compliance Officer / Corporate Information Officer – (See foregoing Director's Profile)
- (c) **Maria Melva E. Valdez**, Corporate Secretary, 63, Filipino, has been the Corporate Secretary of the Corporation since 1999. She also served as Director of Keppel Philippines Holdings, Inc. (KPHI) from 24 June 2008 to 11 June 2009. She is a Senior Partner of the law firm of Bello Valdez and Fernandez Law Offices. She has been the Corporate Secretary of KPHI, Keppel Philippines Properties Inc., and Mabuhay Vinyl Corporation (listed corporations), Keppel Subic Shipyard, Inc., Keppel Batangas Shipyard, Inc., and various Keppel companies in the Philippines. She is likewise the Corporate Secretary of Asian Institute of Management, Gruppo EMS Inc., EMS Resources Technology Inc., EMS Services Philippines, Inc., EMS Services International Inc., Creotec Philippines Inc., Wartsila Philippines Inc., Calamba Medical Center, Inc., Calamba Cancer Center, Inc., Saint John the Baptist Medical Center, Inc., Kopiko Philippines Corporation, Sagara Metro Plastics Industrial Corporation, and Toyota Corolla Sapporo Philippines Holdings, Inc.; Atty. Valdez holds directorship positions in the following companies: Servier Philippines, Inc., Leighton Contractors (Phils), Inc., Suretrac Holdings Inc., Asia Contractors Holdings, Inc., Cambe Dental Billing Services, Inc., KPSI Property, Inc., Opon Realty & Development Corp., and Opon-KE Properties, Inc.; she is a trustee of the AIM Scientific Research Foundation, Inc. and of the Philippine Japan Economic Committee, and member of the Philippine-Italian Association. Atty. Valdez graduated from the University of the Philippines as a holder of degrees of Bachelor of Arts in Political Science and Bachelor of Laws. She is a regular lecturer of the Paralegal Training Program of the University of the Philippines Law Center. She is the Chairperson of the Membership Committee of the Inter-Pacific Bar Association. She is also an Adjunct Faculty Member of the Asian Institute of Management and is the Treasurer of the Philippine Japan Economic Cooperation. She has more than 36 years of working experience in her field of profession as a lawyer.
- (d) **Pamela Ann T. Cayabyab**, 40, Filipino, has been the Asst. Corporate Secretary of the Company since 7 May 2021. She has been the Asst. Corporate Secretary of other companies such as Mabuhay Vinyl Corporation (a listed company) and MVC Properties Inc. since November 2020; Fujita Philippines Construction and Development, Inc., since April 2017; Keppel Philippines Properties, Inc. (a listed company) since June 2021 and various Keppel companies; Brother International Philippines Corp. since May 2015; PPG Coatings (Philippines) Inc. since March 2012; Tosoh Polyvin Corporation since March 2011 and various non-stock condominium corporations/foundation. Atty. Cayabyab is a Senior Associate of Bello Valdez & Fernandez. She obtained her Bachelor of Arts in Political Science from the University of the Philippines – Diliman in 2003 and her Juris Doctor degree from the Ateneo de Manila University School of Law in 2007. She was admitted to the Philippine Bar in 2008.

As Keppel Philippines Holdings, Inc. is an investment holding company, there are only three (3) employees holding senior management positions in the Company, namely, the President, Vice President/Treasurer and Internal Audit and Risk Manager.

The Officers are elected annually by the Board of Directors at its first meeting following the Annual Meeting of the Stockholders, each to hold office until the corresponding meeting of the Board of Directors in the next year or until a successor shall have been elected or shall have been qualified.

Currently, there are no directors or officers connected with or employed by any government agencies or its instrumentalities.

The following are the incorporators of Keppel Philippines Holdings, Inc. as appearing on the Company's Articles of Incorporation dated 24 July 1975:

| <u>Name</u> | <u>Nationalities</u> |
|------------------------|----------------------|
| George Edwin Bogaars | Singaporean |
| Chua Chor Teck | Singaporean |
| Benjamin P. Mata | Filipino |
| Jose F.S. Bengzon, Jr. | Filipino |
| Adolfo S. Azcuna | Filipino |

(4) Significant Employees

Other than its current officers mentioned in the preceding subsection, the Company has not engaged the services of any person who is expected to make significant contribution to the business of the Company.

Please see attached Certifications that none of the directors/officers are connected with any government agencies or its instrumentalities.

(5) Family Relationships

There are no family relationships up to the fourth civil degree either by consanguinity or affinity among directors, executive officers, persons nominated or chosen by the Company to become directors or executive officers, any security holder of certain record, beneficial owner, or management.

(6) Involvement in Certain Legal Proceedings

To the knowledge and/or information of the Company, none of the directors/nominees and officers was involved during the past five (5) years up to the latest date in any bankruptcy proceedings. Neither have they been convicted by final judgment in any criminal proceeding, or been subject to any order, judgment, or decree of competent jurisdiction, permanently or temporarily enjoining, barring, suspending, or otherwise limiting their involvement in any type of business, securities, commodities, or banking activities, nor found in an action by any court or administrative bodies to have violated a securities and commodities law. Aside from the legal proceedings disclosed in page 13, there are no material legal proceedings that the Company or its subsidiary is a party.

(7) Certain Relationships and Related Transactions

Related party relationship exists when one party has the ability to control, directly, or indirectly through one or more intermediaries, the other party or exercise significant influence over the other party in making financial and operating decisions. Such relationship also exists between and/or among entities which are under common control with the reporting enterprise, or between and/or among the reporting enterprise and its key management personnel, directors, or its shareholder. In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

In the ordinary course of business, the Company has transactions such as lease rental, short-term loans, payroll and management services and other charges or reimbursements with companies considered as related parties or its affiliates. The significant transactions with affiliates are indicated in Note 11 - Related Party Transactions of the Accompanying Audited Consolidated Financial Statements and in the Item E of the Management Report on page 22 of this report.

The directors have no self-dealing and related party transactions to disclose.

- (b) There was no other director who resigned or declined to stand for re-election to the board of directors since the date of the last annual meeting of security holders because of a disagreement with the Registrant on any matter relating to the Registrant's operations, policies, and practices.

6. Compensation of Directors and Executive Officers

- (a) As the Company is an investment holding company, it only has three (3) senior officers, namely, Alan I. Claveria, the President; Felicidad V. Razon, the Vice-President/Treasurer; and Stefan Tong Wai Mun, Internal Audit and Risk Manager.

The total annual compensation (inclusive of benefits) of the senior officers of the Company during the last two (2) fiscal years and the projected aggregate compensation to be paid for the current fiscal year are as follows:

| Name & Principal Position | Year | Salary (₱) | Bonus | Other Compensation |
|-----------------------------|-----------------|------------|-------|--------------------|
| Aggregate for All Officers | 2023 - Estimate | 9,030,000 | None | None |
| | 2022 | 8,972,000 | None | None |
| | 2021 | 8,709,000 | None | None |
| Aggregate for All Directors | 2023 | None | None | None |
| | 2022 | None | None | None |
| | 2021 | None | None | None |

- (b) Under the Company's By-Laws, directors shall receive such compensation for their services from time to time as maybe fixed by the stockholders. For the year 2021, the directors did not receive any compensation except for the directors' fee amounting to ₱74,000 each and per diem. For the year 2022, there is no annual directors' fee. However, payment was made on a per diem for each meeting attended. There is no bonus, profit sharing or other compensation plan, contract, or arrangement in which any director, nominee for election as director, or executive officers of the registrant will participate.

There were no standard or special arrangements and no special consulting contracts awarded to any director of the Company, which was accordingly compensated or to be compensated and there are no amounts payable to any of the directors arising from participation in any working committee or special assignments in the current fiscal year or in the coming year.

Payments made to the Directors for 2022 are as follows:

| Name of Director | Compensation (as Director) | Annual fee in 2021 | Per Diem (2022) | Total |
|-----------------------------|----------------------------|--------------------|-----------------|---------|
| Kevin Chng Chee Keong | - | 74,000 | - | 74,000 |
| Alan I. Claveria | - | - | - | - |
| Celso P. Vivas* | - | 74,000 | 84,000 | 158,000 |
| Ramon J. Abejuela* | - | 74,000 | 75,500 | 149,500 |
| Leonardo R. Arguelles, Jr.* | - | 74,000 | 75,500 | 149,500 |
| Stefan Tong Wai Mun | - | - | - | - |
| Felicidad V. Razon | - | - | - | - |

*These directors receive per diem in their capacity as members of the committees of the Company.

- (c) The employment contracts of key personnel are standard contract between employee and Company, specifying the work responsibilities, compensation and other benefits and is not exceptional in nature and will not be affected by a change-in-control, should this occur, nor would it occur to a liability on the part of the registrant that would exceed ₱2,500,000 per officer.
- (d) There are no existing warrants, options, or rights to purchase any securities being issued or given to the Directors or Executive Officers as a form of compensation for services rendered.

7. Independent Public Accountants

- (a) The external auditor of the Company for the most recently completed calendar year of 2022 is Isla Lipana & Co. (PwC). The Audit Risk and Compliance Committee, composed of Celso P. Vivas (Chairman), Ramon J. Abejuela, Leonardo R. Arguelles, Jr., and Stefan Tong Wai Mun, has recommended to the Board the re-appointment of Isla Lipana & Co (PwC) as the external auditor of the Company for the fiscal year 2023. The same shall be submitted to the stockholders for approval at the forthcoming annual stockholders' meeting.

The Audit Risk and Compliance Committee (ARCC) evaluates proposals based on the quality of service, commitment to deadline and fees. The Committee may require a presentation from each proponent to clarify some issues.

- (b) Ms. Catherine H. Santos, Partner of Isla Lipana & Co. (PwC), is the partner-in-charge for the audited financial statements of the Company for the years ended 31 December 2022, 2021, 2020 and 2019. Representatives of Isla Lipana & Co. are expected to be present during the stockholders' meeting. The representatives will have the opportunity to make statements if they desire to do so and will be available to respond to appropriate questions from the security holders.

The Company is in full compliance with SRC Rule 68, par. 3(b) (iv) on Rotation of External Auditors. The Company has engaged Isla Lipana & Co. in 2016 and has not engaged Ms. Santos, partner of Isla Lipana & Co., for more than five (5) years.

- (c) The aggregate annual external audit fees billed for each of the last three (3) fiscal years for the audit of the Company's annual financial statements or services that are normally provided by the external auditor amounted to ₱0.6 million in 2022 and ₱0.5 million from 2020 to 2021. There were no other services paid to Isla Lipana & Co. in 2022 and 2020. In 2021, the Company paid a tax service fee amounting to relating to tax case of GMRI with the BIR for year 2017 which was cleared and terminated by the BIR on 14 March 2022.
- (d) During the Registrant's two (2) most recent fiscal years or any subsequent interim period,
- (1) No independent accountant who was previously engaged as the principal accountant to audit the registrant's financial statements, or an independent accountant on whom the principal accountant expressed reliance in its report regarding a significant subsidiary, has resigned (or indicated it has declined to stand for re-election after the completion of the current audit) or was dismissed; and

- (2) No new independent accountant has been engaged as either the principal accountant to audit the registrant's financial statements or as an independent accountant on whom the principal accountant has expressed or is expected to express reliance in its report regarding a significant subsidiary.

8. Compensation Plans

- (a) No action is to be taken with respect to any stock options, warrants or rights plan.
- (b) No action is to be taken with respect to any other type of compensation plan.

C. ISSUANCE AND EXCHANGE OF SECURITIES – Not Applicable

D. OTHER MATTERS

15. Actions with Respect to Reports

The approval of the stockholders on the following matters will be taken:

- (a) Annual Report and Audited Financial Statements for the year ended 31 December 2022.

Approval of the Annual Report/Audited Financial Statements constitutes a ratification of the Company's performance during the previous fiscal year as contained therein.

- (b) Minutes of the 2022 Annual Meeting of the Stockholders

Approval of the Minutes of the 2022 Annual Stockholders' Meeting held on 17 June 2022 constitutes a ratification of the accuracy and faithfulness of the Minutes as to the events which transpired during the said meeting, such as the Approval of the Minutes of the Annual Stockholders' Meeting held on 17 June 2021, Presentation of the 2021 Annual Report and Approval of the 2021 Audited Financial Statements, Ratification of Corporate Acts and Proceedings of the Board of Directors, Officers and Management for the Period under Review, Election of Directors for the Year 2022 - 2023, Approval of Directors' Remuneration, and Appointment of External Auditor.

This does not constitute a second approval of the same matters taken up at the 2022 Annual Stockholders' Meeting which had already been approved.

STOCKHOLDERS PRESENT:

| | |
|--|------------|
| Total No. of Shares Outstanding | 57,260,119 |
| Total No. of Shares Present (in Person or Proxy) | 47,427,091 |
| Percentage of Shares of Stockholders Present | 82.83% |

DIRECTORS AND OFFICERS PRESENT:

Kevin Chng Chee Keong – Chairman of the Board
 Alan I. Claveria – President
 Celso P. Vivas – Lead Independent Director
 Ramon J. Abejuela - Independent Director
 Leonardo R. Arguelles, Jr. – Independent Director
 Stefan Tong Wai Mun – Director
 Felicidad V. Razon – Director/ Vice President / Treasurer
 Maria Melva E. Valdez – Corporate Secretary
 Pamela Ann T. Cayabyab - Assistant Corporate Secretary

The following were the significant matters discussed, resolutions reached, and the record of the voting results at the 17 June 2022 Annual Stockholder's Meeting:

| MATTERS DISCUSSED | RESOLUTION | VOTING RESULTS |
|--|------------|-----------------------------|
| Approval of the Minutes of the Previous Annual Stockholders' Meeting Y2021 | Approved | F – 82.83%; Ag– 0%; Ab – 0% |
| Presentation and Approval of the Y2021 Annual Report and Audited Financial Statements | Approved | F – 82.83%; Ag– 0%; Ab – 0% |
| Ratification of the Acts and Proceedings of the Board of Directors, Officers and Management of the Corporation during the Year under Review 18 June 2021 to 17 June 2022 | Approved | F – 82.83%; Ag– 0%; Ab – 0% |
| Election of Directors | Approved | F – 82.83%; Ag– 0%; Ab – 0% |
| Approval of Directors' Remuneration for Y2021 Approved | Approved | F – 82.83%; Ag– 0%; Ab – 0% |

| | | |
|---|----------|-----------------------------|
| Appointment of External Auditor for Y2022 | Approved | F – 82.83%; Ag– 0%; Ab – 0% |
| Amendment to the By-laws | Approved | F – 82.83%; Ag– 0%; Ab – 0% |

Legend: F – In favor; Ag – Against; Ab - Abstain

16. Matters Not Required to be Submitted

No action is to be taken with respect to any matter which is not required to be submitted to a vote of security holders.

17. Amendment of Charter, By-Laws, or Other Documents

There is no proposal to amend the articles of incorporation or by-laws of the Company.

18. Other Proposed Action

No action on any matter, other than those stated in the Agenda for the Meeting, including the following items, are proposed to be taken, except matters of incidence that may properly come during the Meeting:

- (a) Ratification of Corporate Acts and Proceedings of the Board of Directors, Officers and Management covering the period 17 June 2022 (date of Y2022 ASM) to 12 May 2023. These acts and proceedings are covered by resolutions of the Board of Directors duly adopted in the course of business which includes, among others: appointment of signatories/approval of signing authorities and limits; treasury matters related to opening of accounts and bank transactions; and appointment of officer.

Corporate Acts/Resolutions (June 2022 to May 2023)

| | |
|--|--|
| 17 June 2022 (Regular Meeting) | <ul style="list-style-type: none"> Approval of Directors' Remuneration for 2022 Approval of Cash Dividend Declaration |
| 17 June 2022 (Organizational Meeting) | <ul style="list-style-type: none"> Election of Officers for ensuing year 2022 - 2023 Appointment of Chairmen, Members of Various Committees and Compliance Officer/Corporate Information Officer |
| 5 August 2022 (Regular Meeting) | <ul style="list-style-type: none"> Approval of Y2022 2nd Quarter Financial Results (SEC Form 17-Q) and Interim Results |
| 4 November 2022 (Regular Meeting) | <ul style="list-style-type: none"> Approval of Y2022 3rd Quarter Financial Results (SEC Form 17-Q) |
| 27 January 2023 (Regular Meeting) | <ul style="list-style-type: none"> Approval of the 2022 Consolidated and Parent Company Audited Financial Statements and the Release thereof |
| 17 February 2023 | <ul style="list-style-type: none"> Approval of the 2022 Annual Report (SEC Form 17-A) and Sustainability Report and the Release thereof. Appointment of External Auditor Setting of the Annual Meeting of Stockholders on 16 June 2023 and Record Date of 22 May 2023 |

- (b) Election of members of the Board of Directors for the year 2023 – 2024
(c) Appointment of External Auditor

19. Voting Procedures

- (a) An affirmative vote by the stockholders owning at least a majority of the outstanding capital stock shall be sufficient for the approval of the 1) Minutes of the Previous Stockholders' Meeting; 2) Audited Financial Statements; 3) Ratification of the Acts and Proceedings of the Board of Directors, Officers and Management of the Company from the date of the last annual stockholders' meeting as reflected in the minutes; and 4) Appointment of External Auditor.
- (d) The holders of a majority of interest of all outstanding stock of the Company entitled to vote at the meeting, in person or by proxy, shall constitute a quorum for the transaction of business.
- (e) The holders of common stock are entitled to one vote per share, but in connection with the cumulative voting feature applicable to the election of directors, each stockholder is entitled to as many votes as shall equal the number of shares held by such person at the close of business on the record date, multiplied by the number of directors to be elected. A stockholder may cast all of such votes for a single nominee or may apportion such votes among any two or more nominees. The shares shall be voted/cast by secret balloting and/or raising of hands. In all matters included in the agenda, except the election of directors, the counting of votes will be done through the regular method. For the election of directors, the counting will be cumulative.
- (f) In the election of director, the seven (7) nominees with the highest number of votes will be elected directors. If the number of nominees for election as directors does not exceed the number of directors to be elected, the Secretary of the Meeting shall be instructed to cast all votes represented at the Meeting equally in favor of all such nominees. Stock Transfer Service, Inc., a stock transfer agent, is present to count and validate the votes during the Annual Stockholders' Meeting. On the other hand, if the number of nominees for election as directors exceeds the number of directors to be elected, voting shall be done by ballot, cumulative voting will be followed

and counting of votes shall be done by representatives of the Company's external auditor or, in their absence, by the Corporate Secretary.

- (g) According to the Company's Guidelines for Participation and Voting in absentia for 2023 Annual Stockholders' Meeting, stockholders who have successfully registered shall be notified via email of their unique log-in credentials for the voting portal. The Presiding Officer shall ask the stockholders to vote on matters following the ASM Agenda. Participants can send their votes/objections via WebEx Chatbox. Motions shall be considered carried upon garnering votes of present stockholders.

Method of Counting Votes

The Corporate Secretary will be responsible for counting the votes based on the number of shares entitled to vote owned by the stockholders who are present or represented by proxies at the Annual Meeting of the stockholders.

20. Participation through Remote Communication

The Presiding Officer of the ASM shall ask the stockholders if they have questions on matters discussed. Participants can send their questions via the WebEx Chatbox. The Presiding Officer and Moderator will read the questions. Concerned company representatives shall endeavor to answer the questions as time will allow. Stockholders may send their questions in advance by sending an email bearing the subject "ASM 2023 Open Forum/Questions" to info@keppelph.com on or before 14 June 2023.

| |
|----------------|
| PART II |
|----------------|

INFORMATION REQUIRED IN A PROXY FORM

(This form shall be prepared in accordance with paragraph (5) of SRC Rule 20)

NOT APPLICABLE

PART III

SIGNATURE PAGE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct. This report is signed in the City of Pasig on 11 May 2023.

KEPPEL PHILIPPINES HOLDINGS, INC.

By:


MARIA MELVA E. VALDEZ
Corporate Secretary

Upon the written request of the stockholder, the Company undertakes to furnish said stockholder a copy of SEC Form 17-A free of charge, except for exhibits attached thereto which shall be charged at cost. Any written request for a copy of the SEC Form 17-A shall be addressed as follows:

KEPPEL PHILIPPINES HOLDINGS, INC.

Unit 3B Country Space I Building
133 Sen. Gil J. Puyat Avenue
Salcedo Village, Barangay Bel-Air
Makati City 1200

Attention: **The Corporate Secretary**

KEPPEL PHILIPPINES HOLDINGS, INC. MANAGEMENT REPORT

INFORMATION OF THE COMPANY

A. Description of Business

Keppel Philippines Holdings, Inc. (hereafter as “KPHI” or “Company”) was incorporated in July 1975 under the former name of Keppel Philippines Shipyard, Inc. The Company was established as a subsidiary of Keppel Corporation Limited (KCL) of Singapore to carry out ship repair and shipbuilding activities in the Philippines. In 1993, the Company was converted into an investment holding company under the name of Keppel Philippines Holdings, Inc. KPHI shares are being traded at the Philippine Stock Exchange (PSE).

Currently, the Company has two core businesses: namely, investment holdings and real estate.

The contribution from each segment of the businesses to the consolidated revenues and net income of the Company is stated in Note 18 of the audited financial statements.

Subsidiaries under real estate industry:

KPSI Property, Inc. (“KPSI”), a wholly owned subsidiary of KPHI, owns and leases out the office space in Country Space 1 Building, Makati City.

Goodwealth Realty Development Corp. (“GRDC”), 51% owned by KPHI, owns and leases out parcels of land in Batangas City.

Goodsoil Marine Realty, Inc. (“GMRI”), wholly owned by GRDC and effectively 51% owned by KPHI, owns and leases the land in Bauan, Batangas to Keppel Philippines Marine, Inc. (“KPMI”) used for the construction and repair of all types and classes of vessels, the fabrication of offshore marine structures together with the related services and operations of a shipyard. GMRI is registered as an Ecozone Developer/Operator with the Philippine Economic Zone Authority (PEZA) since 2007.

Consort Land, Inc. (“CLI”), 25% owned by GMRI and effectively 13% owned by KPHI, owns and leases the land in Subic, Zambales to Keppel Subic Shipyard, Inc. (“KSSI”) used for the construction and repair of all types and classes of vessels and the fabrication of offshore marine structures. CLI is registered with PEZA as an Economic Developer /Operator of the Subic Shipyard - Subic Economic Zone and purchases power and distributes to its locators.

KPHI owns the following properties:

| Owned by | Property Description | Area |
|----------|--|-------------|
| KPHI | Two (2) office condominium units at Fedman Suite in Makati City | 166 sqm |
| KPSI | Two (2) office condominium units and five (5) parking slots at Country Space I Building in Makati City | 345 sqm |
| GRDC | Five (5) lots of residential land in Batangas City | 1,500 sqm |
| GMRI | Land located in Bauan, Batangas | 249,584 sqm |
| CLI | Land and building located in Subic, Zambales | 840,043 sqm |

The properties owned by the Company and its subsidiary and associates are free from any lien.

B. Legal Proceedings

On June 2, 2021, the Parent Company sold its land rights in a 10.4 has. property located in Bauan, Batangas to a non-related company. The property is the subject of an ongoing case in the Regional Trial Court (RTC) in Batangas. As part of the conditions of the sale, the necessary motions for substitution were made in court to replace the Company with the buyer as the new plaintiff. On March 10, 2022, the RTC granted the Parent’s Company’s motion for substitution resulting in the extinguishment of any probable liabilities. On May 2, 2023, RTC affirmed the validity of the sale to the buyer, by virtue of which the Parent Company has effectively transferred its rights to the Bauan property in favor of the Buyer.

There are no other material legal proceedings that the Company or its subsidiaries is a party.

C. Securities of the Registrant

Market Price, Dividends and Related Stockholder Matters

The principal market of the Company’s common equity is PSE where it was listed last 26 August 1987. The high and low closing prices for each quarter within the last two (2) fiscal years and first quarter of 2023 as traded at the Philippine Stock Exchange are as follows:

| | 2022 | | 2021 | |
|----------------|----------------|----------------|-----------|-----------|
| | High | Low | High | Low |
| First Quarter | 'A' ₱7.04 | 'A' ₱6.10 | 'A' P6.00 | 'A' P4.63 |
| | 'B' ₱8.08 | 'B' ₱6.20 | 'B' P6.22 | 'B' P4.00 |
| Second Quarter | 'A' ₱8.00 | 'A' ₱6.60 | 'A' P5.94 | 'A' P4.25 |
| | 'B' ₱8.25 | 'B' ₱6.60 | 'B' P4.31 | 'B' P4.31 |
| Third Quarter | 'A' ₱9.90 | 'A' ₱6.32 | 'A' P6.96 | 'A' P5.00 |
| | 'B' ₱10.70 | 'B' ₱6.12 | 'B' P6.20 | 'B' P4.90 |
| Fourth Quarter | 'A' ₱6.60 | 'A' ₱6.60 | 'A' P6.40 | 'A' P5.96 |
| | 'B' not traded | 'B' not traded | 'B' P6.21 | 'B' P3.30 |

| | 2023 | |
|---------------|-----------|-----------|
| | High | Low |
| First Quarter | 'A' ₱7.60 | 'A' ₱5.12 |
| | 'B' ₱6.48 | 'B' ₱6.48 |

| | High | Low | Closing Price |
|-------------|-----------|-----------|---------------|
| 19 May 2023 | 'A' ₱5.19 | 'A' ₱5.19 | 'A' ₱5.19 |
| 22 May 2023 | 'B' ₱9.00 | 'B' ₱9.00 | 'B' ₱9.00 |

The number of shareholders of record as of 30 April 2023 was 417.

Common shares outstanding as of 30 April 2023 were 57,233,019 broken down as follows:

| Nationality | Class | No. of Shares | % |
|-------------|-------|---------------|--------|
| Filipino | A | 35,756,070 | 62.48 |
| Filipino | B | 3,819,676 | 6.67 |
| Foreign | B | 17,657,273 | 30.85 |
| Total | | 57,233,019 | 100.00 |

The Company has 17.13% or 9,805,958 shares owned by the public out of the 57,233,019 total outstanding shares as of 30 April 2023.

Top 20 Stockholders as of 30 April 2023 are as follows:

| | Shareholders | No. of Shares Held | % |
|---------------------------------------|--|--------------------|---------|
| 1. | Kepwealth, Inc. | 30,532,930 | 53.35 |
| 2. | Keppel Corporation Ltd. | 16,894,087 | 29.52 |
| 3. | PCD Nominee Corp. – Filipino * | 6,400,911 | 11.18 |
| 4. | International Container Terminal Services, Inc. | 2,121,287 | 3.71 |
| 5. | PCD Nominee Corp. – Foreign * | 544,974 | 0.95 |
| 6. | Soh Ngoi May | 83,179 | 0.15 |
| 7. | Willy Y. C. Lim | 60,175 | 0.11 |
| 8. | Edbert G. Tantuco | 50,017 | 0.09 |
| 9. | Emilio C. Tiu | 23,238 | 0.04 |
| 10. | National Book Store, Inc. | 22,422 | 0.04 |
| 11. | Ang Guan Piao | 21,900 | 0.04 |
| 12. | Manolo Z. Alcasabas | 21,170 | 0.04 |
| 13. | Willy Yew Chai Lim | 20,085 | 0.04 |
| 14. | Yeo Chee Chiow | 18,848 | 0.03 |
| 15. | Liwayway Sy | 17,938 | 0.03 |
| 16. | Ma. Victoria R. Del Rosario | 17,938 | 0.03 |
| 17. | Ramon R. Del Rosario Jr. | 17,938 | 0.03 |
| 18. | Dr. Victorino Medrano Jr. &/or Ofelia R. Medrano | 13,952 | 0.02 |
| 19. | Procurador General De Padres Franciscano De Manila | 11,211 | 0.02 |
| 20. | Josefina Tengco Reyes | 11,211 | 0.02 |
| Total Outstanding Top 20 Shareholders | | 56,905,411 | 99.43% |
| Other Stockholders | | 327,608 | 0.57% |
| Total Outstanding and Subscribed | | 57,233,019 | 100.00% |

Top 20 Stockholders of Class "A" shares out of 35,756,070 shares as of 30 April 2023 are as follows:

| | Shareholders | No. of Shares Held | % |
|-----|--|--------------------|-------|
| 1. | Kepwealth, Inc. | 28,817,182 | 80.59 |
| 2. | PCD Nominee Corp. – Filipino | 4,382,065 | 12.26 |
| 3. | International Container Terminal Services, Inc, | 2,121,287 | 5.93 |
| 4. | Emilio C. Tiu | 23,238 | 0.06 |
| 5. | National Book Store, Inc. | 22,422 | 0.06 |
| 6. | Ma. Victoria R. Del Rosario | 17,938 | 0.05 |
| 7. | Ramon R. Del Rosario Jr. | 17,938 | 0.05 |
| 8. | Liwayway Sy | 17,938 | 0.05 |
| 9. | Dr. Victorino Medrano, Jr. &/or Ofelia R. Medrano | 13,952 | 0.04 |
| 10. | Josefina Tengco Reyes | 11,211 | 0.03 |
| 11. | Procurador General de Padres Franciscano de Manila | 11,211 | 0.03 |
| 12. | Barcelon Roxas Securities, Inc. | 9,924 | 0.03 |
| 13. | Denis L. Lipio ITF Elizah Anne Lipio | 9,697 | 0.03 |
| 14. | Prudencio B. Zuluaga | 8,969 | 0.03 |
| 15. | Justino H. Cacanindin | 8,969 | 0.03 |
| 16. | Roberto Tan Lim | 8,969 | 0.03 |
| 17. | Tomas L. Tiu | 8,969 | 0.03 |
| 18. | Ignacio A. Tuazon | 7,819 | 0.02 |
| 19. | Del Rosario, Jeannie | 6,654 | 0.02 |
| 20. | Tantuco, Edbert G. | 5,958 | 0.02 |

| | | |
|---|-------------------|----------------|
| Total Outstanding Top 20 Class A shareholders | 35,532,310 | 99.37% |
| Other Stockholders | 223,760 | 0.63% |
| Total Outstanding and Subscribed | 35,756,070 | 100.00% |

Top 20 Stockholders of "Class B" shares out of 21,476,949 shares as of 30 April 2023 are as follows:

| | Shareholders | No. of Shares Held | % |
|-----|---|--------------------|-------|
| 1. | Keppel Corporation Ltd. | 16,894,087 | 78.66 |
| 2. | PCD Nominee Corporation – Filipino * | 2,018,846 | 9.40 |
| 3. | Kepwealth, Inc. | 1,715,748 | 7.99 |
| 4. | PCD Nominee Corp. – Non- Filipino * | 544,974 | 2.54 |
| 5. | Soh Ngoi May | 83,179 | 0.39 |
| 6. | Willy Y.C. Lim | 60,175 | 0.28 |
| 7. | Edbert G. Tantuco | 44,059 | 0.21 |
| 8. | Ang Guan Piao | 21,900 | 0.10 |
| 9. | Manolo Z. Alcasabas | 21,170 | 0.10 |
| 10. | Willy Yew Chai Lim | 20,085 | 0.09 |
| 11. | Yeo Chee Chiow | 18,848 | 0.09 |
| 12. | Solidbank Trust Division as Sub-Custodian | 8,000 | 0.04 |
| 13. | CBNA MLA OBO A/C # 6011800001 | 7,294 | 0.02 |
| 14. | Franciscan Phil Province | 4,484 | 0.02 |
| 15. | Ronald Co &/or Susana Co | 1,815 | 0.01 |
| 16. | Lee Patt Yong | 1,663 | 0.01 |
| 17. | Keppel Marine Industries Limited | 1,594 | 0.01 |
| 18. | BPI TA # 13115826 | 1,303 | 0.01 |
| 19. | Citibank Mla OBO BBH (Lux) Sub A/C Fidelity | 1,195 | 0.01 |
| 20. | Fernando Y. Adrias | 1,135 | 0.01 |

| | | |
|---|-------------------|----------------|
| Total Outstanding Top 20 Class B shareholders | 21,471,554 | 99.97% |
| Other Stockholders | 5,395 | 0.03% |
| Total Outstanding and Subscribed | 21,476,949 | 100.00% |

The declaration and payment of dividends will depend, among others, upon the Company's earnings, cash flow, capital requirements and financial condition in addition to other factors. Cash dividends are subject to approval by the Board of Directors but no stockholders' approval is required. Dividends are payable to stockholders whose names are recorded in the stock and transfer books as of the record date fixed by the Board. The Company declared cash dividends in 2022, 2021 and 2020. Cash dividend details are as follows:

| | Y2022 | Y2021 | Y2020 |
|------------------------------|--------------|--------------|--------------|
| Date of BOD Approval | June 17 | June 18 | June 19 |
| Record Date | July 7 | July 8 | July 9 |
| Payment Date | July 31 | July 31 | July 31 |
| Amount of Dividend per Share | ₱0.10 or 10% | ₱0.10 or 10% | ₱0.10 or 10% |

There has been no sale of registered or exempt securities within the past three years.

D. Management's Discussion and Analysis of Financial Condition and Results of Operations

Results for the 1st Quarter March 2023

Keppel Philippines Holdings, Inc. ("KPHI" or the "Parent Company") and its subsidiaries (collectively referred to as "the Group") recorded a net income of P4.6 million for the first quarter ended 31 March 2023, P2.7 million or 146.7% higher than P1.9 million during the same period last year. The reasons for the changes in net income are discussed as follows:

Rental revenue for the quarter ending 31 March 2023 amounted to P3.2 million higher than P2.8 million in March 2022. The P0.4 million increase was due to new rental from external party of P0.3 million and increase in lease rental rate in KPMI by P0.1 million.

The Group earned interest income from short term deposits of P7.2 million as of March 31, 2023, P6.8 million higher than the interest earned from deposits of P0.4 million during the same period last year. The increase in interest earned from deposits was due to higher interest rates of 0.5% to 5.4% per annum during this period as against 0.3% to 0.5% per annum in March 2022. In addition, higher amounts of fixed deposits of P575.3 million as a result of the full repayment of loan of the related parties in November 2022 as against same period last year of P228.3 million contributed to the increase in interest income. In March 2022, interest income from loans to related party amounted to P2.0 million.

During the first quarter of the year, the Group recognized lower equity in net earnings of an associate of P1.0 million, P1.4 million lower than the same period last year of P2.4 million. The decrease in equity share was due to lower net income of P4.0 million as against the same period last year of P9.6 million recognized by the associate brought by the decrease in power sales distribution net profit by 27% due to increase in the distribution cost and increase in real property tax by 163%.

Management and accounting services fees charged to related parties amounted to P0.4 million for the period ended 31 March 2023 as against same period year of P0.5 million. The decrease was due to late booking of the 4th quarter 2021 accounting service fees from related company, Bay Philippines Holdings, Inc, a related company, booked in March 2022.

In February 2020, the Parent Company entered into a payroll service agreement with related companies with regards to the payroll system upgrade of KPMI, KSSI and the Parent Company. Payroll service fee earned by the Parent Company as of 31 March 2022 amounted to P0.8 million. The agreement was terminated in November 2022.

This quarter's operating expenses of P5.6 million is lower than last year of P6.8 million due to net increase/decrease in salaries, professional fees, taxes and licenses and recovery of impairment loss on VAT booked in prior years.

Financial Condition

The cash position of the Group as of 31 March 2023 amounted to P581.7 million, P1.3 million lower than the P583.0 million recorded as of 31 December 2022. The decrease of P1.3 million was due to the net cash used in operating activities-

Total receivables, both current and non-current amounted to P31.5 million and P29.8 million as of 31 March 2023 and 31 December 2022, respectively. The P1.7 million increase was due to unpaid lease receivables and higher accrued interest receivable from fixed deposits.

Other current assets as of this period increased to P4.1 million as against P0.8 million as of 31 December 2022. The P3.2 million increase was due to increase in prepayments of real property tax and business tax.

Financial assets at fair value through other comprehensive income was revalued at P58.0 million both for the periods ending 31 March 2023 and 31 December 2022.

Investments in associates as of 31 March 2023 and 31 December 2022 amounted to P422.2 million and P421.2 million, respectively. The P1.0 million increase was due mainly to the recognition of equity in net earnings of associate.

Total fixed and intangible assets as of 31 March 2023 that amounted to P208.2 million as against P208.4 million as of 31 December 2022 due to the depreciation and amortization during the first quarter of P0.2 million. There was no acquisition during the first quarter of 2023.

Total liabilities as of 31 March 2023 and 31 December 2022 amounted to P4.9 million and P5.1 million, respectively. The decrease of P0.2 million was due to realized unearned income from time deposits of P0.1 million and decrease of P0.4 million in payable to government agencies which were partially offset by higher accrual of expenses by P0.3 million.

The equity attributable to equity holders of the Parent Company as of 31 March 2023 amounted to P945.1 million as against last 31 December 2022 of P942.0 million. The increase was due to P3.1 million in net income. No dividend declared during the quarter.

Non-controlling interests as of 31 March 2023 amounted to P356.8 million as against last 31 December 2022 of P355.2 million. The increase was due to net income attributable to the noncontrolling interests of P1.6 million.

The book value per share attributable to equity holders of the parent (equity attributable to equity holders of the parent divided by common shares outstanding) at ₱16.51 as of 31 March 2023 as against 31 December 2022 of ₱16.46 per share.

Earnings per share attributable to the equity holders of the Parent (net earnings for the quarter divided by common shares outstanding) as shown in the consolidated statement of income is P0.05 and P0.001 as of the quarters ended 31 March 2023 and 2022.

Year Ended 2022

Keppel Philippines Holdings, Inc. (KPHI) and its subsidiaries (the "Company") recorded a net income of P12.2 million in 2022, P269.2 million in 2021, and P26.1 million in 2020. The reasons for the changes in net income are as follows:

The Company earned interest income from loans granted to related company and from short-term bank deposits. The Company earned total interest income of P16.8 million in 2022, P9.6 million in 2021, and P12.1 million in 2020. The interest earned from loans amounted to P10.1 million in 2022, P8.6 million in 2021, and P11.3 million in 2020. Movement on interest earned was brought by the granting and repayment of loans and changes in interest rates over the years. Interest rates on loan are agreed upon with the related party on a comparable market rate basis on date of granting or renewal of the loan. Interest rates on loans range from 2.9% to 5.0% in 2022, 3.1% to 3.8% in 2021 and 3.4% to 4.9% in 2020. There was new loan granted in 2022 which amounted to P100 million. Outstanding loan receivable of P340 million were fully paid in November 2022. On the other hand, interest from short-term deposits and T-bills amounted to P6.7 million in 2022 and P0.9 million both in 2021 and 2020. The increase on interest was mainly due to higher amount placed for time deposits and T-bills in 2022 and increase in interest rates ranging from 0.4% to 5% in 2022 as against 0.4% to 0.5% p.a. in 2021 and 0.5% to 3.6% p.a. in 2020.

Rental revenue for the 2022 amounted to P11.2 million as against P9.1 million in 2021 and P33.3 million in 2020. Rental revenue in 2022 is higher than in 2021 due to the non-continuance of rental concessions during the year. Rental concessions were given both in 2021 and 2020 due to difficult business environment arising from the COVID-19 pandemic which affected the operation of KPML. The rental concession has been properly studied and justified to be within market practices. Rental revenues in 2022 and 2021 were lower than in 2020 due to the termination of lease rental on properties in Bauan, Batangas to a third party in December 2020.

The equity in net earnings of associate - CLI as of 31 December 2022 amounted to P10.0 million, as against P6.7 million and P7.6 million in 2021 and 2020, respectively. Increase or decrease in equity in net earnings of associate depends upon the net income realized by CLI during the years. The Company received cash dividend from CLI amounting to P7.0 million, P7.5 million and P8.7 million in 2022, 2021, and 2020, respectively.

In February 2020, the Parent Company entered into a payroll service agreement with related companies with regards to the payroll system upgrade of the KPML, KSSI and the Parent Company. Payroll service fees earned for the year 2022 amounted P3.4 million as against P3.6 million in 2021 and P1.1 million in 2020. The agreement was terminated in November 2022.

Management fees charged to related parties amounted to P1.6 million in 2022 as against P0.8 million from 2021 to 2020. The increase of P0.8 million was due to service fees earned by the Parent Company with its new accounting services agreement entered with a related company, Bay Philippines Holdings Corp., a Philippines-incorporated company, and member of the Keppel Group.

In June 2021, the Company earned a one-off gain from the sale of land rights on a property in Bauan, Batangas amounting to P345.6 million. The right was sold to a non-related third-party buyer for a gross price of P358.6 million. Cash deposit to the Supreme Court of P4.1 million, related legal expenses of P1.8 million, and commission expense of P7.2 million incurred and paid in 2021, were applied against the gross price resulting to net gain of P345.6 million. There is no similar transaction in 2022.

Operating expenses amounted to P29.0 million, P22.0 million, and P24.9 million in 2022, 2021 and 2020, respectively. Year 2021 had lower expenses than in 2022 and 2020 mainly due to recovery of provision for impairment in creditable withholding tax of P4.7 million in 2021 as against provision of P1.7 million this year. There was also increase in maintenance expenses relating to various payroll services in 2022 of P1.6 million as against P1.2 and P0.2 million in 2021 and 2020, respectively.

The Company has unrealized fair value gain on financial asset fair value through other comprehensive income from a golf-club share of P14.0 million in 2022, P9.0 million in 2021, and loss of P2.0 million in 2020. The Company also recognized gain on remeasurement of retirement benefits assets based on retirement actuarial retirement plan amounting to P1.7 million in 2022, P2.0 million in 2021 and loss in 2020 of P1.1 million.

Financial Condition

The cash position of the Company for the year ended 31 December 2022 amounted to P583.0 million as against the same period last year of P341.1 million. The increase of P241.9 million was from net loan collected/granted of P240.0 million, interest received from short-term deposits and loan receivable of P15.1 million, cash dividend received of P7.0 million and net proceeds from disposal of fixed asset of P3.4 million. This was partially offset by net cash absorbed by operation of P7.4 million, cash dividend paid of P15.6 million, buy-back of treasury shares of P0.7 million, income tax paid of P0.4 million, and purchase of office equipment of P0.3 million.

Total receivables both current and non-current this year amounted to P29.8 million from P272.5 million as of last year. The net decrease of P242.7 million was due mainly to the repayment of loan by a related party amounting to P240 million.

Other current assets decreased from P1.7 million to P0.8 million this year. The decrease was due to higher provision for impairment of creditable withholding tax of P1.6 million and input VAT of P0.1 million this year. While in 2021, there was net recovery of P4.6 of provision for impairment of creditable withholding tax which was fully applied against tax payment.

Available-for-sale financial assets related to a quoted club share at fair value price as of December 2022 and 2021 amounted to P58.0 million and P44.0 million, respectively.

Investment in an associate increased from P418.2 million in 2021 to P421.2 million this year. The net increase was due to equity share in net income of CLI of P10.0 million reduced by the cash dividend received this year amounting to P7.0 million.

Investment properties, Property and equipment and Intangible assets – net of depreciation and amortization as of 2022 amounted to P208.4 million as against P212.9 million in 2021. The decrease was due to the disposal of computer hardware and software related to the payroll system amounting to P4.5 million.

Total liabilities slightly increased from P4.9 million in 2021 to P5.1 million this year. The increase of was due to advances rentals and security deposits of new external tenant.

Total equity as of 31 December 2022 amounted to P1,297.2 million and P1,285.6 million in December 2021. Retained earnings amounted to P761.4 million as of December 2022 as compared to P762.6 million in December 2021. The decrease in retained earnings was due to lower net income after non-controlling interests of P4.5 million partially offset by cash dividend of P5.7 million. The Company also had unrealized gain on fair value of financial asset at fair value through other comprehensive income of P14.0 million and remeasurement gain on retirement benefits P1.7 million. The Company also bought back its own shares amounting to P0.7 million. Non-controlling interest of minority shareholders also recognized P7.7 million shares in the net income of the Company and received dividends of P9.9 million.

The equity attributable to equity holders of the parent amounted to P942.0 million and P928.2 million as of December 2022 and 2021, respectively. The net book value per share as of December 2022 was P16.46 as against December 2021 of P16.19. The earnings per share attributable to the equity holders of the parent as of December 2022 and 2021 were P0.08 and P4.61, respectively.

Year Ended 2021

Keppel Philippines Holdings, Inc. (KPHI) and its subsidiaries (the "Company") recorded a net income of P269.2 million in 2021, P26.1 million in 2020, and P26.6 million in 2019. The reasons for the changes in net income are as follows:

The Company earned P345.6 million from the sale of land rights in a property in Bauan, Batangas in June 2021. The right was sold to a non-related third-party buyer for a gross price of P358.6 million. Cash deposit to the Supreme Court of P4.1 million, related legal expenses of P1.8 million, and commission expense of P7.2 million incurred and paid in 2021, were applied against the gross price resulting to net gain of P345.6 million.

Interest income earned by the Company comes from loans granted to related company and from short-term bank deposits. The Company earned total interest income of P9.6 million in 2021, P12.1 million in 2020, and P18.3 million in 2019. The interest earned from the loans granted to a related company amounted to P8.6 million in 2021, P11.3 million in 2020, and P16.5 million in 2019. The decrease in 2021 was due repayment of P10.0 million loan in 2021 and a significant drop in interest rates ranging from 3.1% to 3.8% per annum (p.a.) in 2021 as against 3.4% to 4.9% p.a. in 2020 and 4.8% to 7% p.a. in 2019. Interest rates are agreed upon with the related party on a comparable market rate basis on date of granting or renewal of the loan. While interest from short-term deposits amounted to P0.9 million both in 2021 and 2020 and P1.8 million in 2019. The drop in interest on short-term deposits was also brought by the decrease in time deposit rates from 0.4% to 0.5% p.a. in 2021 as against 0.5% to 3.6% p.a. in 2020 and 3.8% to 5.3% p.a. in 2019.

Rental revenue for the year 2021 amounted to P9.1 million as against rental revenue of P33.3 million and P28.5 million in 2020 and 2019, respectively. The decrease was due to the termination of lease rental on properties in Bauan, Batangas to a third party in December 2020. Rental revenue from related party amounted to P9.1 million as against as against P10.7 million in 2020 and P13.2 million in 2019. The decrease of P1.6 million from 2020 to 2021 and P2.5 million from 2019 to 2020 was due to the concessions given to KPML for the whole year of 2021 and from March 15, 2020 to December 2020, respectively. This was due to difficult business environment due to the COVID-19 pandemic which affected the operation of KPML. The rental concession has been properly studied and justified to be within market practices.

The equity in net earnings of associate - CLI as of 31 December 2021 amounted to P6.7 million, as against P7.6 million and P8.9 million in 2020 and 2019, respectively. Increase or decrease in equity in net earnings of associate depends upon the net income realized by CLI during the years. The Company received cash dividend from CLI amounting to P7.5 million, P8.7 million and P10.5 million in 2021, 2020, and 2019, respectively.

In February 2020, the Parent Company entered into a payroll service agreement with related companies with regards to the payroll system upgrade of the KPML, KSSI and the Parent Company. Payroll service fees earned for the year 2021 amounted to P3.6 million as against in 2020 of P 1.1 million.

Management fees charged to related parties amounted to P0.8 million from 2019 to 2021.

Operating expenses amounted to P22.0 million, P24.9 million, and P27.8 million in 2021, 2020 and 2019, respectively. The increase in expenses was brought professional fees and outside services, depreciation, and repair and maintenance expense. This was partially offset by lower salaries and benefits, contractual services relating to properties for rent, and recovery of impairment on creditable withholding tax.

The Company has unrealized fair value gain on financial asset fair value through other comprehensive income of P9.0 million in 2021, loss of P2.0 million in 2020 and gain of P2.0 million in 2019. The Company recognized gain of P2.0 million in 2021, loss in 2020 of P1.1 million and gain in 2019 of P0.2 million on remeasurement of retirement benefits assets based on retirement actuarial retirement plan fund from 2019 to 2021.

Financial Condition

The cash position of the Company for the year ended 31 December 2021 amounted to P341.1 million as against the same period last year of P80.4 million. The increase of P260.7 million was from the proceeds from the sale of land rights in a property in Bauan, Batangas of P349.6 million, principal payment of loan of P10.0 million, interest received from short-term loans of P8.5 million and cash dividend received of P7.5 million. This was partially offset by payment of income tax relating to the sale of land rights of P56.9 million, cash dividend paid to shareholder of P15.7 million, acquisition of office equipment and software of P1.7 million, and purchase of treasury shares of P1.7 million.

Total receivables both current and non-current this year amounted to P272.5 million as against last year of P282.6 million. The net decrease of P10.1 million was due mainly to the repayment of loan by a related party amounting to P10 million.

Other current assets increased from P0.4 million to P1.7 million this year. The increase was due to higher creditable withholding tax, input VAT both net of provisions and prepaid expenses. The P6.0 provision for doubtful accounts of creditable withholding tax in 2020 was fully applied against tax payment.

Available-for-sale financial assets related to a quoted club share at fair value price as of December 2021 and 2020 amounted to P44.0 million and P35.0 million, respectively.

Investment in an associate decreased from P419.1 million in 2020 to P418.2 million this year. The net decrease was due to equity share in net income of CLI of P6.7 million reduced by the cash dividend received this year amounting to P7.5 million.

Investment properties, Property and equipment and Intangible assets – net of depreciation and amortization as of 2021 amounted to P212.9 million same in 2020. Total acquisition of equipment and payroll application for the payroll system upgrade for the year amounted to P1.7 million almost same amount of depreciation for the year.

Total liabilities decreased from P11.8 million in 2020 to P4.9 million this year. The decrease of P6.9 million was due to return of security deposits of P2.6 million, advance rentals of P0.5 million, adjustment and payment of retirement liability of P1.7 million, decrease in tax payable of P0.1 million and net decrease in accrued operating expenses and other payables of P2.0 million

Total equity as of 31 December 2021 amounted to P1,285.6 million and P1,022.7 million in December 2020. Retained earnings amounted to P762.6 million as of December 2021 as compared to P503.7 million in December 2020. The increase in retained earnings was due to higher net income after non-controlling interests of P264.6 million partially offset by cash dividend of P5.8 million. The Company also had unrealized gain on fair value of financial asset at fair value through other comprehensive income of P9.0 million and remeasurement gain on retirement benefits P2.0 million. The Company also bought back its own shares amounting to P1.7 million. Non-controlling interest of minority shareholders also recognized P4.6 million share in the net income of the Company and received dividends of P9.9 million.

The equity attributable to equity holders of the parent amounted to P928.2 million and P660.0 million as of December 2021 and 2020, respectively. The net book value per share as of December 2020 was P16.19 as against December 2020 of P11.45. The earnings per share attributable to the equity holders of the parent as of December 2021 and 2020 were P4.61 and P0.35, respectively.

Year Ended 2020

Keppel Philippines Holdings, Inc. (KPHI) and its subsidiaries (the "Company") recorded a net income of P26.1 million in 2020, P26.6 million in 2019, and P14.2 million in 2018. The reasons for the changes in net income are as follows:

Rental revenue for the year 2020 amounted to P33.3 million as against rental revenue of P28.5 million and P22.7 million in 2019 and 2018, respectively. Lease of properties to third parties contributed to the increase in rental revenue which amounted to P22.7 million in 2020, P15.3 million in 2019 and P9.5 million in 2018. Rental revenue from affiliates amounted to P10.7 million in 2020 as against P13.2 million both for 2019 and 2018. The P2.5 million or 18.9% decrease in rental revenue from the affiliates was due to 25% rental rebates given to KPML during the Community Quarantine period due to the COVID-19 pandemic from 16 March to 31 December 2020. The rental rebate has been properly studied and justified to be within market practices.

The Company earned interest income of P12.1 million in 2020, P18.3 million in 2019, and P12.2 million in 2018. The interest earned from the loans granted to a related company amounted to P11.3 million in 2020, P16.5 million in 2019, and P10.7 million in 2018. The decrease in 2020 was due repayment of P22.0 million loan in 2020 and a significant drop in interest rates ranging from 3.4% to 4.9% in 2020 as against the 4.8% to 7% in 2019 and 3.0% to 6.3% in 2018 and. Interest rates are agreed upon with related party on a comparable market rate basis on date of granting or renewal of the loan. The Company also earned interest from short-term deposits amounted to P0.9 million, P1.8 million, and P1.5 million in 2020, 2019 and 2018, respectively. The drop in interest on short-term deposits was also brought by the decrease in time deposit rates from 0.5% to 3.6% in 2020 as against 2.75% to 5.25% in 2019 and 2.0% to 5% in 2018.

The equity in net earnings of associate - CLI as of 31 December 2020 amounted to P7.6 million, as against P8.9 million and P10.0 million in 2019 and 2018, respectively. Increase or decrease in equity in net earnings of associate depends upon the net income realized by CLI during the years. The Company received cash dividend from CLI amounting to P8.7 million in 2020, P10.5 million in 2019 and P8.7 million in 2018.

In February 2020, the Parent Company entered into a payroll service agreement with related companies with regards to the payroll system upgrade of the Parent Company, KPMI and KSSI. From February to December 2020, the total payroll service charges to KSSI and KPMI amounted to P0.6 million and P0.5 million, respectively.

Management fees charged to related parties amounted to P0.8 million from 2018 to 2020.

In 2018, the Company realized a gain on the sale of investment properties of P1.9 million from sale of its residential unit at Batangas City. The proceeds received from the sale of properties amounted to P2.3 million. There was no sale of investment property in 2020 and 2019.

Operating expenses amounted to P24.9 million, P27.8 million, and P31.4 million in 2020, 2019 and 2018, respectively. The decrease in expenses was brought mainly by lower taxes and licenses paid to local government and lower professional fees and outside services. The decrease was offset by higher salaries and benefits, contractual services relating to properties for rent, and recovery of impairment on creditable withholding tax.

The Company has unrealized fair value loss on financial asset fair value through other comprehensive income of P2.0 million in 2020 as against fair value gain of P2.0 million in 2019 and P15 million in 2018. The Company also recognized P1.1 million and P0.2 million remeasurement loss on retirement benefits assets, net of tax, based on actuarial of retirement plan funded in 2020 and 2019.

Financial Condition

The cash position of the Company for the year ended 31 December 2020 amounted to P80.4 million as against the same period last year of P50.7 million. The increase of P29.7 million was brought mainly by net cash provided by the operating activities of P12.5 million, collection of loan of P22 million, interest income received from loans of P11.5 million, and receipt of dividends from CLI of P8.7 million. This was partially offset by payment of dividends of P15.4 million, purchase of equipment and systems application and deposits of P8.6 million and buy-back of shares of P1.0 million.

Total receivables both current and non-current this year amounted to P282.6 million as against last year of P306.2 million. The net decrease of P23.6 million was brought by repayment of loan amounting to P22 million and P1.8 million from lease rentals, interest receivable from bank deposits and loans and write-off of allowance.

Other current assets decreased from P0.5 million to P0.4 million this year. The decrease was due to lower advances to employees and other deposits and utilized creditable withholding tax.

Available-for-sale financial assets related to a quoted club share at fair value price as of December 2020 and 2019 amounting to P35.0 million and P37.0 million, respectively.

Investment in an associate decreased from P420.2 million in 2019 to P419.1 million this year. The net decrease was due to equity share in net income of CLI of P7.6 million reduced by the cash dividend received this year amounting to P8.7 million.

Investment properties, Property and equipment and Intangible assets increased from P205.5 million in 2019 to P212.9 million this period. This was brought by acquisition of equipment and payroll application for the payroll system upgrade of P8.6 million and net of accumulated depreciation of P1.2 million.

Total liabilities increased from P8.7 million in 2019 to P11.8 million this year. The increase of P3.1 million was due to net increase in accrued operating expenses and other payables of P0.3 million, increase in refundable security deposits of P1.4 million, retirement benefit liability of P1.7 million, and decrease in tax liabilities of P0.3 million.

Total equity as of 31 December 2020 amounted to P1,022.7 million and P1,016.1 million in December 2019. Retained earnings amounted to P503.7 million as of December 2020 as compared to P489.3 million in December 2019. The increase in retained earnings was due to higher net income after non-controlling interests of P20.2 million partially offset by cash dividend of P5.8 million. The Company also had unrealized loss on fair value of financial asset at fair value through other comprehensive income of P2.0 million and remeasurement loss on retirement benefits P1.1 million. Non-controlling interest of minority shareholders also recognized P5.9 million share in the net income of the Company and received dividends of P9.7 million.

The equity attributable to equity holders of the parent amounted to P660.0 million and P649.6 million as of December 2020 and 2019, respectively. The net book value per share as of December 2020 was P11.45 as against December 2019 of P11.24. The earnings per share attributable to the equity holders of the parent as of December 2020 and 2019 were P0.35 and P0.32, respectively.

Plan of Action for 2023

KPHI shall focus on maintaining and adding value on its investment properties. Among others, the strategies may include purchase of shares of stock, purchase of additional investment properties, increasing occupancy and rental rates. Certain properties may be considered for sale where it can contribute the best value to the Company and its shareholders. Investment properties of strategic value shall be reviewed for further investments where appropriate.

Key Performance Indicators

The key performance indicators of the Company for the last three (3) fiscal years and first quarter of 2023 are follows:

| Particulars | 1Q Mar 2023 | 2022 | 2021 | 2020 |
|---|-------------|--------|--------|-------|
| Current Ratio (Current Assets/Current Liabilities) | 204.04 | 188.02 | 172.71 | 38.37 |
| Acid Test Ratio or Quick Ratio (Monetary Current Assets/Current Liabilities) | 202.63 | 187.75 | 172.20 | 38.33 |
| Solvency Ratio* (Net Income + Depreciation)/Total Liabilities) | 3.97 | 2.68 | 55.35 | 2.31 |
| (Total Assets/Total Liabilities) | 267.41 | 254.06 | 263.63 | 87.39 |
| Asset to Equity Ratio | 1.00 | 1.00 | 1.00 | 1.01 |
| Debt Ratio (Total Liabilities/Total Assets) | 0.004 | 0.004 | 0.004 | 0.01 |
| Debt to Equity Ratio (Total Liabilities/Stockholders' Equity) | 0.004 | 0.004 | 0.004 | 0.01 |
| Return on Assets (%) * (Net Income/Total Assets) | 1.42 | 0.94 | 20.86 | 2.53 |
| Return on Equity (%) * (Net Income/Stockholders' Equity) | 1.43 | 0.94 | 20.94 | 2.56 |
| Earnings per Share Attributable to Equity Holders of Parent (₱) * | 0.21 | 0.08 | 4.61 | 0.35 |
| Book Value per Share Attributable to Equity Holders of the Parent (₱) | 16.51 | 16.46 | 16.19 | 11.45 |

*Annualized

Material Events and Uncertainties

Year 2022 saw the gradual return of the Philippines to pre-pandemic status as the government continued to ease restrictions to help the economy. The National Capital Region (NCR) started the year under Alert Level 3 of the 5-tier COVID-19 alert system in response to the more transmissible Omicron variant. This was later downgraded to Alert Level 2 in February and then to the lowest Alert Level 1. NCR remained at that level until year end due in most part to the vaccination and booster program as well as the continued observance of health protocol. Under Alert Level 1 guidelines, government and private offices were able to operate with its full workforce, public transports were readily available and allowed for full seating capacity as most students were gradually transitioning back to face-to-face classes. Omicron continued to be the dominant variant with new subvariants cropping up during the year. Minimum public health standards were nonetheless still in place with the use of face mask becoming optional starting October 2022.

Since the vaccination rollout last 1 March 2021 until year end 2022, about 73.7 Mn individuals have been fully vaccinated and 21.1 Mn individuals have received boosters/additional doses representing 94.4% of the target total population and 79.4% of the target A2 (senior citizen).

In compliance to the government proclamations, memorandum, and guidelines and in order to mitigate the risk of spreading COVID-19 in the workplace, the Parent Company already has 100% of its workforce on-site. The Parent Company continues to be in close communication with its stakeholders during 2022's different Alert level periods that includes, among others, its employees, lessees, borrowers, industry regulators, suppliers, and service providers. 100% of the Parent Company's personnel have received their primary and booster vaccination dose.

Notwithstanding the prevailing alert level and the current COVID-19 situation in the Philippines, there are no known trends, commitments, events, or uncertainties that will have a material impact, whether favorable and unfavorable on the revenues or income from continuing operations of the Parent Company. There are no events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation. There are also no off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the Parent Company with unconsolidated entities or other persons created during the year. There are no material commitments for capital expenditures.

E. Certain Relationships and Related Transactions

In the ordinary course of business, the Company has transactions with companies considered as related or its affiliates. The significant transactions with affiliates are as follows:

| Related party | Notes | Transactions | | | Outstanding receivable (payable) | | Terms and conditions |
|--|--------|---------------|--------------|--------------|----------------------------------|-------------|---|
| | | 2022 | 2021 | 2020 | 2022 | 2021 | |
| Entities under common control | | | | | | | |
| Loans (a) | | | | | | | |
| KPMI | | | | | | | |
| Principal | 3 | (240,000,000) | (10,000,000) | (22,000,000) | - | 240,000,000 | Outstanding balance is collectible in cash, with terms of 88 to 90 days subject for renewal, interest-bearing at 2.9% to 5% per annum in 2022 (2021 – 3.1% to 3.8%), and unsecured. |
| Interest income – KPMI | 3 | 7,225,921 | 8,641,563 | 11,256,118 | - | 1,223,442 | |
| Keppel Subic Shipyard, Inc. | | 2,865,294 | - | - | - | - | |
| Leases (b) | | | | | | | |
| Rental income | | | | | | | |
| KPMI | | 10,711,815 | 8,636,596 | 10,232,728 | 28,152,763 | 30,296,494 | Outstanding balance is collectible in cash within the first five (5) days of each month, non-interest bearing and unsecured. |
| Keppel IVI Investment, Inc. (KIVI) | | 300,000 | 300,000 | 300,000 | - | - | |
| Keppel Energy and Consultancy, Inc. (KECI) | | 120,000 | 120,000 | 120,000 | - | - | |
| | 7 | 11,131,815 | 9,056,598 | 10,652,728 | 28,152,763 | 30,296,494 | |
| Advance rentals | | | | | | | |
| KPMI | | - | 175,363 | - | (93,982) | (269,345) | Outstanding balance is to be applied on the last monthly rental at end of lease term, is non-interest bearing and unsecured. |
| KIVI | | - | - | - | (25,000) | (25,000) | |
| KECI | | - | - | - | (10,000) | (10,000) | |
| | 7, 10 | - | 175,363 | - | (128,892) | (304,345) | |
| Refundable deposits | | | | | | | |
| KPMI | 7 | - | 175,364 | - | (93,982) | (269,346) | Outstanding balance is payable in cash within 60 days from end of lease term, non-interest bearing and unsecured. |
| Various expenses and charges (c) | | | | | | | |
| KPMI | | 221,859 | 7,304,509 | 2,500,703 | - | - | Outstanding balance is collectible in cash on demand, non-interest bearing and unsecured. |
| Keppel Enterprise Services Ltd. | | 377,035 | 1,487,751 | - | - | - | |
| Keppel Subic Shipyard, Inc. (KSSI) | | - | - | 14,345 | - | - | |
| Kepventure, Inc. | | - | - | - | - | - | |
| Payroll service fees (d) | | | | | | | |
| KSSI | | 1,806,659 | 1,847,942 | - | - | 125,602 | |
| KPMI | | 1,587,965 | 1,757,056 | - | - | 804,959 | |
| | | 3,394,624 | 3,604,998 | - | - | 930,561 | |
| Management fees (e) | | | | | | | |
| Bay Philippines Holdings, Inc. | | 825,000 | - | - | - | - | |
| KECI | | 240,000 | 240,000 | 240,000 | - | - | |
| KIVI | | 180,000 | 180,000 | 180,000 | - | - | |
| Kepventure, Inc. | | 60,000 | 60,000 | 60,000 | - | - | |
| | | 1,305,000 | 480,000 | 480,000 | - | - | |
| Sale of fixed assets – KPMI | | 3,354,562 | - | - | - | - | |
| Other income | | | | | | | |
| Commission (f) | | | | | | | |
| KPMI | | - | 828,000 | 1,123,485 | - | - | |
| Director's fees | | | | | | | |
| KPPI | | 230,000 | 190,000 | 170,000 | - | - | |
| Associates | | | | | | | |
| Cash dividends received | 6 | 6,986,479 | 7,510,465 | 8,733,099 | - | - | Outstanding balance is collectible in cash on pay-out date as approved by the related party's BOD, non-interest bearing and unsecured. |
| Shareholders of Parent Company | | | | | | | |
| Cash dividends declared and paid | | | | | | | |
| Kepwealth, Inc. | | 3,053,293 | 3,053,293 | 3,053,293 | - | - | Outstanding balance is payable in cash on pay-out date as approved by the Parent Company's BOD, non-interest bearing and unsecured. |
| KCL | | 1,689,409 | 1,689,409 | 1,689,409 | - | - | |
| Others | | 981,140 | 1,019,130 | 1,019,130 | (721,560) | (674,282) | |
| | 10, 14 | 5,723,842 | 5,761,832 | 5,761,832 | (721,560) | (674,282) | |
| Various expenses and charges (b) | | | | | | | |
| Kepwealth, Inc. | | 29,131 | 40,789 | 501,405 | - | - | Outstanding balance is collectible in cash on demand, non-interest bearing and unsecured. |
| KCL | | 78,811 | 78,811 | - | - | - | |
| Management fees (e) | | | | | | | |
| Kepwealth, Inc. | | 276,000 | 276,000 | 276,000 | - | - | |

| Related party | Notes | Transactions | | Outstanding receivable (payable) | | Terms and conditions | |
|----------------------------------|-------|--------------|-----------|----------------------------------|------|----------------------|---|
| | | 2022 | 2021 | 2022 | 2021 | | |
| Non-controlling interests (NCI) | | | | | | | |
| Cash dividends declared and paid | | 9,899,808 | 9,899,808 | 9,654,808 | - | - | Outstanding balance is payable in cash on pay-out date as approved by the subsidiary's BOD, non-interest bearing and unsecured. |

(a) *Loans*

The Group granted short-term, interest-bearing loans to KPMI and KSSI. The loans were fully paid during the year. Movements in loans receivable for the years ended December 31 are as follows:

| | 2022 | 2021 | 2020 |
|-------------------|---------------|--------------|--------------|
| January 1 | 240,000,000 | 250,000,000 | 272,000,000 |
| New loans granted | 100,000,000 | - | - |
| Collections | (340,000,000) | (10,000,000) | (22,000,000) |
| December 31 | - | 240,000,000 | 250,000,000 |

(b) *Leases*

The Group leases certain investments properties to related parties. The Group granted lease concessions to KPMI which amounted to P2.7 million in 2021 (2020 - P2.6 million) which were netted to rental income. The Group did not grant lease concessions to KPMI in 2022.

(c) *Various expenses and charges*

The Group paid for various reimbursable expenses which are utilized in the normal operations of the related parties.

The Group also incurred share in various expenses due to KPMI relating to clearing and levelling operations on leased out properties amounting to P2.5 million and P2.1 million in 2020 and 2019, respectively. There was no such expenses in 2022 and 2021.

In June 2021, the Parent Company paid commission to KPMI related to the sale of interests in land rights amounting to P7.2 million. There were no such transactions in 2022 and 2020.

(d) *Payroll service fees*

In 2020, the Group entered into payroll service agreements with KSSI and KPMI for the use of the payroll system of the Group. The Group charges these parties at agreed service fees for the one-time and recurring charges incurred by the Group. These agreements are considered renewed every year thereafter and subject to mutual amendments or termination by the parties. The agreement was terminated effective November 2022.

(e) *Management fees*

Since 2013 the Group had management agreements with related companies with monthly management fees which are subject to change depending upon the extent and volume of services provided by the Group. The services cover regular consultancy, handling of financial reporting, personnel and administration services including payroll and other government documentary requirements. The agreements are considered renewed every year thereafter, unless one (1) party gives the other a written notice of termination at least three (3) months prior to the expiration date.

In April 2021, the Parent company signed an accounting services agreement with Bay Philippines Holdings Corp. an entity under common control, with monthly fee of P55,000 excluding out-of-pocket expenses. The services cover handling of financial reporting and government documentary requirements. The agreement is subject to automatic annual renewal until terminated by either party a any time by giving not less than ninety (90) days written notice to the other party.

(f) *Commission*

The Group entered into an agreement with KPMI to assist the latter in its bidding activities for select projects with the Group earning a 1% share in KPMI's revenues. The income is recognized under other income in the consolidated statements of income amounting to P1.1 in 2020. There was no income earned in 2021 and 2020.

The Group also entered into an agreement with KPMI in 2021 to assist the latter in the sale of its improvements in a piece of land at Bauan, Batangas with the Company earning a 2% share in the sale. The income recognized a commission of P0.8 million 2021.

F. Management and Certain Security Holders

Directors, Executive Officers

There are seven (7) members of the Board, three (3) of whom are independent directors who hold office for one (1) year. Please refer to Part I, pages 6 to 7 of SEC Form 20-IS for the list of incumbent directors and officers.

G. Information on Independent Accountants and Other Related Matters

- (1) External Audit Fees and Services
- a. Audit and Related Fees - The Company proposes to have the external auditor, Isla Lipana & Co. (PwC) to audit the financial statements for the Year 2023. Amount of fee will be discussed with the Management.

The aggregate fee billed by Isla Lipana & Co. for 2022 audit of the Company's annual financial statements was P0.6 million and P0.5 million in 2020 and 2021. There were no other services performed by Isla Lipana & Co. last three (3) fiscal years. The services performed by the Company's external auditors and the fees are reviewed by the Audit Risk and Compliance Committee (ARCC) prior to submission to the Board of Directors for approval.

- b. Tax Fees – No tax fees were paid for the years 2022 and 2020. In 2021, tax service fee for tax case of GMRI with the BIR for the year 2017 was paid to Isla Lipana & Co. This tax case was terminated and close in March 2022.
- c. Other Fees – No other fees were paid for the years 2022, 2021 and 2020.
- d. Audit Risk & Compliance Committee's Approval Policies & Procedures – The Committee evaluates proposals based on the quality of service, commitment for deadline and fees. The Committee may require a presentation from each proponent to clarify some issues.
- (2) Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

Changes in accounting standards in accordance with PFRS are stated in Note 20 to the financial statements. For the last three (3) fiscal years, there were no disagreements with the independent accountants relating to accounting principles or practices, financial statements disclosure, or procedure.

H. Corporate Governance

The Company had been in substantial compliance with its Manual on Corporate Governance ("Manual"). There were no major deviations from the adopted Manual. The Company, its directors, officers and employees complied with all the leading practices on good corporate governance as embodied in the Corporation's Manual.

Six of the seven members of the Board of Directors of the Company and Officers completed a seminar on Corporate Governance (Executive Briefing on Crisis Management for Board of Directors and Management and Corporate Governance Updates and Economic Briefing) conducted by Center for Global Best Practices on 16 June 2022. Mr. Abejuela completed a seminar on 2019 Revised Corporation Code of the Philippines conducted by Center for Global Best Practices on 21 October 2022.

Per SEC Memorandum Circular No. 15, Series of 2017 and SEC Memorandum Circular No. 10, Series of 2019, publicly-listed companies such as KPHI is required to submit an Integrated Annual Corporate Governance Report (I-ACGR). The Company submitted its I-ACGR for year 2020 on 30 June 2021 and for the year 2021 on 31 May 2022. There was no Advisement Report in 2022 since there was no material transaction reaching 10%-of- total-assets limit.

The roles of the Chairman and CEO are separate, and there are adequate checks and balances to ensure that independent, outside views, perspectives, and that judgment are given proper hearing in the Board.

The Board's responsibility is to oversee the business, assets, affairs and performance of the Company in the best interest of its shareholders. The Board focuses its activities on corporate strategy, major investments and divestments, financial performance, risk management and other corporate governance practices. Management's responsibility is to run the business in accordance with the policies and strategies set by the Board. The Company held seven (7) Board of Directors meetings in 2022.

| Name | Date of Board Meeting | | | | | | | % of Attendance |
|--|-----------------------|------------------------|-------------------|--------------------|--------------------|----------------------|------------------------|-----------------|
| | 28 January 2022 | 18 February 2022 | 06 May 2022 | 17 June 2022 | 17 June 2022 | 05 August 2022 | 04 November 2022 | |
| | Special | Regular | Regular | Regular | Organizational | Regular | Regular | |
| 1. Kevin Chng Chee Keong | ✓ | x | ✓ | ✓ | ✓ | x | ✓ | 71% |
| 2. Celso P. Vivas Lead Independent Director | x | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | 86% |
| 3. Ramon J. Abejuela Independent Director | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | 100% |
| 4. Leonardo R. Arguelles Independent Director | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | 100% |
| 5. Stefan Tong Wai Mun | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | 100% |
| 6. Alan I. Claveria | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | 100% |
| 7. Felicidad V. Razon | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | 100% |

Legend:

✓ -- present

* -- absent

The three (3) independent directors filed with the SEC and PSE their certificates of qualification declaring that they possess all the qualifications to serve as an independent director as provided in Section 38 of the Securities Regulation Code and its implementing rules and regulations. The certifications include listings of affiliations with companies and organizations and compliance with the independent directors' duties and responsibilities.

The Audit Risk and Compliance Committee (ARCC), renamed as such following approval by SEC of the amendment of the Company by-laws on 20 February 2023 and previously known as Audit Risk Management and Compliance Committee, assists the Board to ensure integrity of financial reporting and that there is in place sound internal control, enterprise risk management systems and related party transactions. All ARCC members have the related financial and accounting expertise and experience necessary to discharge their responsibilities. The Company adopted a Committee Charter submitted to SEC on 2 October 2012. The ARCC comprises of the following members: Celso P. Vivas as Chairman - Lead Independent Director; Ramon J. Abejuela - Independent Director, Leonardo R. Arguelles - Independent Director and Stefan Tong Wai Mun - Director, as members. The ARCC met six (6) times in 2022 (28 January, 18 February, 6 May, 5 August, 4 November and 22 December). The ARCC met the external auditor, Isla Lipana & Co. (PwC), on 22 December 2022 without the presence of the management.

The Corporate Governance and Nominations Committee (CGNC) covers matters on corporate governance, nomination and compensation. It is comprised of Ramon J. Abejuela as Chairman/Independent Director, Celso P. Vivas – Lead Independent Director, Leonardo R. Arguelles – Independent Director and Stefan Tong Wai Mun - Director, as members. The CGNC met two (2) times in 2022 (6 May and 5 August).

The Board finds the Company's existing performance monitoring system efficient and that the Board and Management (including officers and staff) are fully committed in adhering to the principles and best practices of the Company's Manual. The Company thus considers its Manual sufficient to serve as its guide, to ensure that it operates with utmost integrity and to the highest standards of business conduct.

KPHI conducts an annual assessment of the Board through a Board Evaluation Questionnaire (BEQ) covering key areas such as (a) Board Composition, (b) Board Independence, (c) Board Process, (d) Board Committees, (e) Board Information, (f) Board Accountability, (g) Standards of Conduct, (h) Board Performance, (i) Board Committee Performance, and (j) Financial Performance. The objective of the assessment is to uncover strengths and challenges so that the Board will be in a better position to provide the required expertise and oversight. The Board rates the BEQ statements as 1-Needs Significant improvement, 2- Needs Improvement, 3 - Consistently Good, or 4 - Outstanding.

The Board Assessment Evaluation - Self-Assessment Result for the year 2021-2022 was discussed during the Corporate Governance & Nomination Committee meeting held on 5 August 2022. Total score for the evaluation for the year 2021-2022 is 61% Outstanding, 36% Consistently Good and 3% Needs Improvement as compared to year 2020-2021 board evaluation results of 65% Outstanding, 30.9% Consistently Good and 4.1% Needs Improvement.

The Board of Directors of the Company approved its Amended Manual on Corporate Governance on 4 February 2010 pursuant to SEC Memorandum Circular No. 6, series of 2009 (Revised Code of Corporate Governance) and submitted the same to SEC on 15 March 2010. The Company also complied with the submission of SEC Form ACGR (Annual Corporate Governance Report) to SEC and PSE (online) on 1 July 2013 as per SEC Memorandum Circular No. 5, series of 2013. The Company submitted the New Manual on Corporate Governance in July 2017 and was revised and approved on 10 November 2017. The Company also submitted to SEC its I-ACGR for the Y2017 on 30 May 2018, for the Y2018 on 30 May 2019, for the Y2019 on 24 August 2020 via email and courier, for the Y2020 on 30 May 2021, and for the Y2021 on 31 May 2022. The Company will endeavor to submit the Y2022 I-ACGR on or before the deadline on 31 May 2023.

KEPPEL PHILIPPINES HOLDINGS, INC.
2023 ANNUAL STOCKHOLDERS' MEETING
16 June 2023, Friday, at 11:30 am

Guidelines for Participation via Remote Communication and Voting *in Absentia*

The 2023 Annual Stockholders' Meeting (ASM) of Keppel Philippines Holdings, Inc. (KPH or the Company) is scheduled on **16 June 2023, Friday, at 11:30 a.m.** and the Board of Directors of the Company has fixed the end of trading hours of the Philippine Stock Exchange on **22 May 2023 (Record Date)** as the record date for the determination of stockholders entitled to the notice of, to attend, and to vote at such meeting and any adjournment thereof.

In consideration of health and safety concerns of everyone involved, the Board of Directors of the Company has approved and authorized stockholders to participate in the ASM via remote communication and to exercise their right to vote *in absentia*.

Registration

Stockholder must notify the Corporate Secretary of their intention to participate in the ASM via remote and to exercise their right to vote in absentia by no later than 13 June 2023, by registering at info@keppelph.com and by submitting there the following supporting documents/information, subject to verification and validation:

1. Individual Stockholders
 - a. Copy of valid government ID of stockholder/proxy with photo
 - b. Stock certificate number/s
 - c. If appointing a proxy, copy of proxy form duly signed by stockholder (need *not* be notarized)
 - d. E-mail address and contact number of stockholder or proxy
2. Multiple Stockholders or joint owners
 - a. Stock certificate number/s
 - b. Proof of authority of stockholder voting the shares signed by the other registered stockholders, for shares registered in the name of multiple stockholders (need not be notarized)
 - c. Copy of valid government IDs of all registered stockholders with photo
 - d. E-mail address and contact number of authorized representative
3. Corporate Stockholders
 - a. Secretary's Certification of Board resolution appointing and authorizing proxy to participate in the ASM
 - b. Valid government ID of the authorized representative with photo
 - c. Stock certificate number/s
 - d. E-mail address and contact number of authorized representative
4. Stockholders with Shares under broker account
 - a. Certification from broker as to the number of shares owned by stockholder
 - b. Valid government ID of stockholder with photo
 - c. If appointing a proxy, copy of proxy form duly signed by stockholder (need not be notarized)
 - d. E-mail address and contact number of stockholder or proxy

Important Reminder: Please refrain from sending duplicate and inconsistent information/documents as this can result in failed registration. All documents/information shall be subject to verification and validation by the Company.

Online Voting

Stockholders who have indicated their intention to participate via remote communication by sending a notification/confirmation of their attendance by e-mail to info@keppelph.com on or before 13 June 2023 shall receive an e-mail acknowledgment thereof and a WebEx online meeting invitation.

The Presiding Officer of the ASM shall ask the stockholders to vote on matters following the ASM Agenda.

Participants can send their votes/objections via the WebEx Chat box

Motions shall be considered carried upon garnering majority votes of present stockholders.

Open Forum/Questions

The Presiding Officer of the ASM shall ask stockholders if they have questions on matters discussed.

Participants can send their comments/questions by typing in the "chat panel" of the WebEx online meeting platform.

The Presiding Officer or the Moderator will read first the questions received via email and then via chat box.

Concerned company representatives shall endeavor to answer questions as time will allow.

Stockholders may send their questions in advance by sending an email bearing the subject "ASM 2023 Open Forum/Questions" to info@keppelph.com on or before 13 June 2023.

Questions/comments received via email or chat box but not entertained during the Open Forum due to time constraints will be addressed separately by the Company's Corporate Information Officer.

- These Guidelines have been made based on the current shareholder size and structure of the Company.
- For any queries or concerns regarding this Guidelines, please contact the Company's Corporate Information Officer at +63 2 8892 1816 or via email at info@keppelph.com.
- For complete information on the annual meeting, please visit this webpage www.keppelph.com.
- ASM Minutes shall be posted subsequently on the Company's website.

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **KEPPEL PHILIPPINES HOLDINGS, INC. AND SUBSIDIARIES** (the "Company") is responsible for the preparation and fair presentation of the financial statements including the schedules therein, for the years ended **December 31, 2022 and 2021**, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.


The Board of Directors is responsible for overseeing the Company's financial reporting process.

The Board of Directors reviews and approves the financial statements including the schedules attached therein and submits the same to the stockholders or members.

Isla Lipana & Co., the Philippine member firm of PwC, the independent auditor appointed by the shareholders, has audited the financial statements of the Company in accordance with Philippines Standards on Auditing, and in its report to the shareholders or members, has expressed its opinion on the fairness of presentation upon completion of such audit.


CHNG CHEE KEONG
Chairman of the Board


ALAN I. CLAVERIA
President


FELICIDAD V. RAZON
Vice President/Treasurer



Signed this 3rd April 2023



NC0N2L0EKD

NOTARIAL CERTIFICATE

TO ALL TO WHOM these presents shall come

I, Yee May Kuen Peggy Sarah, NOTARY PUBLIC duly admitted, authorised to practise in the Republic of Singapore, DO HEREBY CERTIFY

AND ATTEST that I was present on the 3rd day of **April 2023** at Singapore when **Mr. CHNG CHEE KEONG** duly signed the annexed **STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS** and that the signature of **Mr. CHNG CHEE KEONG** thereto subscribed is of the proper handwriting of the said **Mr. CHNG CHEE KEONG**.

IN FAITH AND TESTIMONY whereof I the said notary have subscribed my name and set and affixed my seal of office at Singapore, this 3rd day of April 2023.

NOTARY PUBLIC
SINGAPORE



By virtue of Rule 8(3)(c) of the Notaries Public Rules, a Notarial Certificate must be authenticated by the Singapore Academy of Law in order to be valid.

With effect from 16 September 2021, a Notarial Certificate shall be deemed to be validly authenticated by the affixing of an Apostille to the back of the Notarial Certificate.

APOSTILLE

(Convention de La Haye du 5 Octobre 1961)

This **Apostille** only certifies the authenticity of the signature, seal or stamp and the capacity of the person who has signed the attached Singapore public document, and, where appropriate, the identity of the seal or stamp. It does not certify the authenticity of the underlying document.

If this document is to be used in a country not party to the Hague Convention of the 5th of October 1961, it should be presented to the consular section of the mission representing that country.

To verify this **Apostille**, go to

<https://legalisation.sal.sg>

or scan QR code:



Verification code: 23275561

| | |
|--------------------------------------|---|
| 1. Country: | Singapore |
| This public document | |
| 2. Has been signed by: | Yee May Kuen Peggy Sarah |
| 3. Acting in the capacity of: | Notary Public |
| 4. Bears the seal/stamp of: | Notary Public |
| Certified | |
| 5. At: | Singapore Academy of Law |
| 6. The: | 4th April 2023 |
| 7. By: | Melissa Goh, Director, Trust Services, SAL |
| 8. No.: | AC0N2M07ED |
| 9. Seal/Stamp: | 10. Signature:  |



REPUBLIC OF THE PHILIPPINES)
CITY OF MAKATI) S.S.

ACKNOWLEDGEMENT

SUBSCRIBED AND SWORN to before me this APR 14 2023 at Makati City,
Affiants exhibiting to me their Tax Identification Number (TIN) as follows:

| <u>NAME</u> | <u>TIN</u> |
|--------------------|-------------|
| ALAN I. CLAVERIA | 127-165-720 |
| FELICIDAD V. RAZON | 112-942-756 |

NOTARY PUBLIC

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Page No. 76
Book No. 83
Series of 2023.

ATTY. BOMER M. MONFORT
NOTARY PUBLIC City of Makati
Until December 31, 2023
Appointment No. M-172
PTR No. 9563521 / Jan. 3, 2023
ISP No. 178089 / 2-14-22 Pasig City
MACLE NO. VI-0023417 Roll No. 27932
1000 Morsolo St., Legaspi Village, Makati City



Independent Auditor's Report

To the Board of Directors and Shareholders of
Keppel Philippines Holdings, Inc. and Subsidiaries
Unit 3-B, Country Space 1 Building
133 Sen. Gil Puyat Avenue, Salcedo Village
Barangay Bel-Air, Makati City

Report on the Audits of the Consolidated Financial Statements

Our Opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Keppel Philippines Holdings, Inc. (the "Parent Company") and its subsidiaries (together, the "Group") as at December 31, 2022 and 2021, and their consolidated financial performance and consolidated cash flows for each of the three years in the period ended December 31, 2022 in accordance with Philippine Financial Reporting Standards (PFRS).

What we have audited

The consolidated financial statements of the Group comprise:

- the consolidated statements of financial position as at December 31, 2022 and 2021;
- the consolidated statements of income for each of the three years in the period ended December 31, 2022;
- the consolidated statements of total comprehensive income for each of the three years in the period ended December 31, 2022;
- the consolidated statements of changes in equity for each of the three years in the period ended December 31, 2022;
- the consolidated statements of cash flows for each of the three years in the period ended December 31, 2022; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSA). 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics), together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics.

*Isla Lipana & Co., 29th Floor, Philamlife Tower, 8767 Paseo de Roxas, 1226 Makati City, Philippines
T: +63 (2) 8845 2728, F: +63 (2) 8845 2806, www.pwc.com/ph*



Independent Auditor's Report
To the Board of Directors and Shareholders of
Keppel Philippines Holdings, Inc. and Subsidiaries
Page 2

Our Audit Approach

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgments; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

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.

The key audit matter identified in our audit is as follows:

| Key Audit Matter | How our Audit Addressed the Key Audit Matter |
|--|--|
| <p>Assessment of recoverability of investment properties</p> <p>Assessing the recoverability of investment properties requires the Group to make estimates and assumptions that can materially affect the consolidated financial statements. Investment properties represent 16% of the total assets and are part of the Group's real estate business segment.</p> <p>Refer to Note 7 for the details of the Group's investment properties and to Note 21.2 (b) for the discussion on critical accounting judgments.</p> | <p>We addressed the matter through review of management's assessment and inspection of all long and short-term lease contracts. The review and inspection procedures included thorough understanding of the terms and conditions of the underlying lease contracts, including assessing management's estimated future cash flows to support recoverability of investment properties.</p> |



Independent Auditor's Report
 To the Board of Directors and Shareholders of
 Keppel Philippines Holdings, Inc. and Subsidiaries
 Page 3

| Key Audit Matters | How our Audit Addressed the Key Audit Matter |
|-------------------|--|
| | <p>Additionally, we examined the latest appraisal reports prepared by a third-party appraiser and noted that the aggregate and individual fair values of all the investment properties are higher than their respective carrying amounts. Audit evidence over the reliability of the appraisal report was obtained through independent verification of certain fair value assumptions and inputs specifically:</p> <ul style="list-style-type: none"> • similar market listing in the area by comparing to records of recent sales and offerings of similar land and condominium units; and • physical factors by comparing to property titles, historical experience and external data, and validating transactions related to improvements and development, if any. <p>We also verified the independence and competency of the third-party appraiser by examining their qualifications, experiences, and business relationship with the Group.</p> <p>The results of procedures performed and discussions with management did not note any indicators of impairment as at December 31, 2022.</p> |

Other Information

Management is responsible for the other information. The other information comprise the information included in the SEC Form 20-IS (Definitive Information Statement), and SEC Form 17-A or Annual Report for the year ended December 31, 2022, but do not include the consolidated financial statements and our auditor's report thereon. The SEC Form 20-IS (Definitive Information Statement), and SEC Form 17-A or Annual Report for the year ended December 31, 2022 are expected to be made available to us after the date of this auditor's report.

When we read the SEC Form 20-IS (Definitive Information Statement), and SEC Form 17-A or Annual Report for the year ended December 31, 2022, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and, if required by Securities Regulation Code 68, to the Securities and Exchange Commission.

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



Independent Auditor's Report
To the Board of Directors and Shareholders of
Keppel Philippines Holdings, Inc. and Subsidiaries
Page 4

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information identified above when these become available and, in doing so, consider whether the other information are materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with PFRS, and for such internal control as management determines 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, management is responsible for assessing the ability of each entity within the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the entities within the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible 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. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSA 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 PSA, we exercise professional judgment and maintain professional skepticism 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.



Independent Auditor's Report
To the Board of Directors and Shareholders of
Keppel Philippines Holdings, Inc. and Subsidiaries
Page 5

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's 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 ability of each entity within the Group 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 an entity within 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 audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance 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 those charged with governance 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, related safeguards.



Independent Auditor's Report
To the Board of Directors and Shareholders of
Keppel Philippines Holdings, Inc. and Subsidiaries
Page 6

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

The engagement partner on the audit resulting in this independent auditor's report is Catherine H. Santos.

Isla Lipana & Co.

A handwritten signature in black ink, appearing to read 'CH Santos', written in a cursive style.

Catherine H. Santos

Partner

CPA Cert. No. 0110097

P.T.R. No. 0011422; issued on January 9, 2023 at Makati City

SEC A.N. (individual) as general auditors 110097-SEC; Category A,

valid to audit 2020 to 2024 financial statements

SEC A.N. (firm) as general auditors 0142-SEC, Category A;

valid to audit 2020 to 2024 financial statements

T.I.N. 211-726-564

BIR A.N. 08-000745-132-2020; issued on June 5, 2020; effective until June 4, 2023

BOA/PRC Reg. No. 0142, effective until November 14, 2025

Makati City

January 27, 2023



Isla Lipana & Co.

Statements Required by Rule 68
Securities Regulation Code (SRC)

To the Board of Directors and Shareholders of
Keppel Philippines Holdings, Inc. and Subsidiaries
Unit 3-B, Country Space 1 Building
133 Sen. Gil Puyat Avenue, Salcedo Village
Barangay Bel-Air, Makati City

We have audited the consolidated financial statements of Keppel Philippines Holdings, Inc. (the "Parent Company") and its subsidiaries (together, the "Group") as at and for the year ended December 31, 2022, on which we have rendered the attached report dated January 27, 2023. The supplementary information shown in the Reconciliation of the Parent Company's Retained Earnings Available for Dividend Declaration as at December 31, 2022, Map of Relationships of the Companies within the Group as at December 31, 2022, and Schedules A, B, C, D, E, F, and G as at December 31, 2022, as additional components required by Rule 68 of the SRC, are presented for purposes of filing with the Securities and Exchange Commission and are not required parts of the basic consolidated financial statements. Such supplementary information are the responsibility of management and have been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements. In our opinion, the supplementary information have been prepared in accordance with SRC Rule 68.

Isla Lipana & Co.

Catherine H. Santos
Partner

CPA Cert. No. 0110097

P.T.R. No. 0011422; issued on January 9, 2023 at Makati City

SEC A.N. (individual) as general auditors 110097-SEC; Category A,
valid to audit 2020 to 2024 financial statements

SEC A.N. (firm) as general auditors 0142-SEC, Category A;
valid to audit 2020 to 2024 financial statements

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BOA/PRC Reg. No. 0142, effective until November 14, 2025

Makati City
January 27, 2023

Isla Lipana & Co., 29th Floor, Philamlife Tower, 8767 Paseo de Roxas, 1226 Makati City, Philippines
T: +63 (2) 8845 2728, F: +63 (2) 8845 2806, www.pwc.com/ph

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Isla Lipana & Co.

Statements Required by Rule 68
Securities Regulation Code (SRC)

To the Board of Directors and Shareholders of
Keppel Philippines Holdings, Inc. and Subsidiaries
Unit 3-B, Country Space 1 Building
133 Sen. Gil Puyat Avenue, Salcedo Village
Barangay Bel-Air, Makati City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Keppel Philippines Holdings, Inc. and its subsidiaries as at December 31, 2022 and 2021 and for each of the three years in the period ended December 31, 2022, and have issued our report thereon dated January 27, 2023. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Group's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRS) and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the revised SRC Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the basic consolidated financial statements prepared in accordance with PFRS. The components of these financial soundness indicators have been traced to the Group's consolidated financial statements as at December 31, 2022 and 2021 and for each of the three years in the period ended December 31, 2022 and no material exceptions were noted.

Isla Lipana & Co.

Catherine H. Santos
Partner

CPA Cert. No. 0110097

P.T.R. No. 0011422; issued on January 9, 2023 at Makati City

SEC A.N. (individual) as general auditors 110097-SEC; Category A,
valid to audit 2020 to 2024 financial statements

SEC A.N. (firm) as general auditors 0142-SEC, Category A;
valid to audit 2020 to 2024 financial statements

T.I.N. 211-726-564

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Makati City
January 27, 2023

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Keppel Philippines Holdings, Inc. and Subsidiaries

Consolidated Statements of Financial Position
As at December 31, 2022 and 2021
(All amounts in Philippine Peso)

| | Notes | 2022 | 2021 |
|--|-------|----------------------|----------------------|
| <u>ASSETS</u> | | | |
| Current assets | | | |
| Cash and cash equivalents | 2 | 583,003,831 | 341,097,007 |
| Receivables, net | 3 | 2,726,987 | 244,237,233 |
| Other current assets, net | 4 | 835,189 | 1,724,906 |
| Total current assets | | 586,566,007 | 587,059,146 |
| Non-current assets | | | |
| Lease receivables, net of current portion | 3 | 27,070,872 | 28,310,387 |
| Financial asset at fair value through other comprehensive income | 5 | 58,000,000 | 44,000,000 |
| Investment in an associate | 6 | 421,243,232 | 418,223,947 |
| Investment properties, net | 7 | 205,288,439 | 205,288,439 |
| Property and equipment, net | 8 | 635,260 | 1,780,426 |
| Intangible assets, net | 9 | 2,503,923 | 5,843,232 |
| Retirement benefit asset, net | 12 | 1,049,440 | - |
| Total non-current assets | | 715,791,166 | 703,446,431 |
| Total assets | | 1,302,357,173 | 1,290,505,577 |
| <u>LIABILITIES AND EQUITY</u> | | | |
| Current liabilities | | | |
| Accrued expenses and other current liabilities | 10 | 2,856,284 | 3,247,181 |
| Refundable deposits | 7 | 193,791 | 93,982 |
| Income tax payable | 17 | 69,627 | 57,953 |
| Total current liabilities | | 3,119,702 | 3,399,116 |
| Non-current liabilities | | | |
| Deferred income tax liability, net | 17 | 1,407,638 | 1,495,948 |
| Advance rental and deposits, net of current portion | 7 | 598,854 | - |
| Total non-current liabilities | | 2,006,492 | 1,495,948 |
| Total liabilities | | 5,126,194 | 4,895,064 |
| Equity | | | |
| Share capital | 13 | 73,173,500 | 73,173,500 |
| Share premium | | 73,203,734 | 73,203,734 |
| Retained earnings | 14 | 761,412,125 | 762,610,375 |
| Investment revaluation reserve | 5 | 57,422,057 | 43,422,057 |
| Remeasurements on retirement benefits | 12 | 2,809,365 | 1,099,460 |
| Treasury shares | 14 | (26,004,530) | (25,280,999) |
| Attributable to equity holders of the parent | | 942,016,251 | 928,228,127 |
| Non-controlling interests | 22.2 | 355,214,728 | 357,382,386 |
| Total equity | | 1,297,230,979 | 1,285,610,513 |
| Total liabilities and equity | | 1,302,357,173 | 1,290,505,577 |

The notes on pages 1 to 43 are integral part of these consolidated financial statements.

Keppel Philippines Holdings, Inc. and Subsidiaries

Consolidated Statements of Income
For each of the three years in the period ended December 31, 2022
(All amounts in Philippine Peso)

| | Notes | 2022 | 2021 | 2020 |
|--|-------|--------------|--------------|--------------|
| Revenues and income | | | | |
| Interest income | 2,11 | 16,820,587 | 9,587,462 | 12,115,846 |
| Rental income | 7 | 11,231,624 | 9,056,598 | 33,331,048 |
| Equity in net earnings of associates | 6 | 10,005,764 | 6,673,044 | 7,607,779 |
| Payroll service fees | 11 | 3,394,624 | 3,605,018 | 1,111,898 |
| Management fees | 11 | 1,581,000 | 756,000 | 756,000 |
| Gain on sale of interest in land rights | 19 | - | 345,559,187 | - |
| Other income | | 435,501 | 1,092,284 | 1,323,175 |
| Total revenues and income | | 43,469,100 | 376,329,593 | 56,245,746 |
| Operating expenses | 16 | (29,034,343) | (21,993,536) | (24,936,692) |
| Income before income tax | | 14,434,757 | 354,336,057 | 31,309,054 |
| Income tax expense | 17 | (2,177,014) | (85,145,652) | (5,168,122) |
| Net income for the year | | 12,257,743 | 269,190,405 | 26,140,932 |
| Attributable to: | | | | |
| Equity holders of the parent | | 4,525,592 | 264,633,350 | 20,207,345 |
| Non-controlling interests | 22.2 | 7,732,151 | 4,557,055 | 5,933,587 |
| | | 12,257,743 | 269,190,405 | 26,140,932 |
| Earnings per share attributable to equity holders of the parent | | | | |
| | 15 | 0.08 | 4.61 | 0.35 |

The notes on pages 1 to 43 are integral part of these consolidated financial statements.

Keppel Philippines Holdings, Inc. and Subsidiaries

Consolidated Statements of Total Comprehensive Income
For each of the three years in the period ended December 31, 2022
(All amounts in Philippine Peso)

| | Notes | 2022 | 2021 | 2020 |
|---|-------|------------|-------------|-------------|
| Net income for the year | | 12,257,743 | 269,190,405 | 26,140,932 |
| Other comprehensive income (loss) | | | | |
| Items that will not be reclassified to profit or loss: | | | | |
| Unrealized fair value gain (loss) on financial asset at fair value through other comprehensive income | 5 | 14,000,000 | 9,000,000 | (2,000,001) |
| Remeasurement gain (loss) on retirement benefits, net of tax | 12 | 1,709,905 | 2,048,322 | (1,133,794) |
| | | 15,709,905 | 11,048,322 | (3,133,795) |
| Total comprehensive income for the year | | 27,967,648 | 280,238,727 | 23,007,137 |
| Attributable to: | | | | |
| Equity holders of the parent | | 20,235,497 | 275,681,672 | 17,073,550 |
| Non-controlling interests | 22.2 | 7,732,151 | 4,557,055 | 5,933,587 |
| | | 27,967,648 | 280,238,727 | 23,007,137 |

The notes on pages 1 to 43 are integral part of these consolidated financial statements.

Keppel Philippines Holdings, Inc. and Subsidiaries

Consolidated Statements of Changes in Equity
For each of the three years in the period ended December 31, 2022
(All amounts in Philippine Peso)

| | Notes | Attributable to equity holders of the parent | | | | | | Total | Non-controlling interests (Note 22.2) | Total equity |
|---|-------|--|---------------|--------------------------------|--|---|------------------------------|-------------|--|---------------|
| | | Share capital (Note 13) | Share premium | Retained earnings (Note 14) | Investment revaluation reserve (Note 5) | Remeasurements on retirement benefit asset (Note 12) | Treasury shares (Note 14) | | | |
| Balances at January 1, 2020 | | 73,173,500 | 73,203,734 | 489,293,344 | 36,422,058 | 184,932 | (22,628,577) | 649,648,991 | 366,446,360 | 1,016,095,351 |
| Comprehensive income | | | | | | | | | | |
| Net income for the year | | - | - | 20,207,345 | - | - | - | 20,207,345 | 5,933,587 | 26,140,932 |
| Other comprehensive loss | 5,12 | - | - | - | (2,000,001) | (1,133,794) | - | (3,133,795) | - | (3,133,795) |
| Total comprehensive income for the year | | - | - | 20,207,345 | (2,000,001) | (1,133,794) | - | 17,073,550 | 5,933,587 | 23,007,137 |
| Transaction with owners | | | | | | | | | | |
| Cash dividends declared | 14 | - | - | (5,761,832) | - | - | - | (5,761,832) | (9,654,808) | (15,416,640) |
| Purchase of treasury shares | 14 | - | - | - | - | - | (985,512) | (985,512) | - | (985,512) |
| Total transactions with owners | | - | - | (5,761,832) | - | - | (985,512) | (6,747,344) | (9,654,808) | (16,402,152) |
| Balances at December 31, 2020 | | 73,173,500 | 73,203,734 | 503,738,857 | 34,422,057 | (948,862) | (23,614,089) | 659,975,197 | 362,725,139 | 1,022,700,336 |
| Comprehensive income | | | | | | | | | | |
| Net income for the year | | - | - | 264,633,350 | - | - | - | 264,633,350 | 4,557,055 | 269,190,405 |
| Other comprehensive loss | 5,12 | - | - | - | 9,000,000 | 2,048,322 | - | 11,048,322 | - | 11,048,322 |
| Total comprehensive income for the year | | - | - | 264,633,350 | 9,000,000 | 2,048,322 | - | 275,681,672 | 4,557,055 | 280,238,727 |
| Transaction with owners | | | | | | | | | | |
| Cash dividends declared | 14 | - | - | (5,761,832) | - | - | - | (5,761,832) | (9,899,808) | (15,661,640) |
| Purchase of treasury shares | 14 | - | - | - | - | - | (1,666,910) | (1,666,910) | - | (1,666,910) |
| Total transactions with owners | | - | - | (5,761,832) | - | - | (1,666,910) | (7,428,742) | (9,899,808) | (17,328,550) |
| Balances at December 31, 2021 | | 73,173,500 | 73,203,734 | 762,610,375 | 43,422,057 | 1,099,460 | (25,280,999) | 928,228,127 | 357,382,386 | 1,285,610,513 |
| Comprehensive income | | | | | | | | | | |
| Net income for the year | | - | - | 4,525,592 | - | - | - | 4,525,592 | 7,732,151 | 12,257,743 |
| Other comprehensive income | 5,12 | - | - | - | 14,000,000 | 1,709,905 | - | 15,709,905 | - | 15,709,905 |
| Total comprehensive income for the year | | - | - | 4,525,592 | 14,000,000 | 1,709,905 | - | 20,235,497 | 7,732,151 | 27,967,648 |
| Transaction with owners | | | | | | | | | | |
| Cash dividends declared | 14 | - | - | (5,723,842) | - | - | - | (5,723,842) | (9,899,809) | (15,623,651) |
| Purchase of treasury shares | | - | - | - | - | - | (723,531) | (723,531) | - | (723,531) |
| Total transactions with owners | | - | - | (5,723,842) | - | - | (723,531) | (6,447,373) | (9,899,809) | (16,347,182) |
| Balances at December 31, 2022 | | 73,173,500 | 73,203,734 | 761,412,125 | 57,422,057 | 2,809,365 | (26,004,530) | 942,016,251 | 355,214,728 | 1,297,230,979 |

The notes on pages 1 to 43 are integral part of these consolidated financial statements.

Keppel Philippines Holdings, Inc. and Subsidiaries

Consolidated Statements of Cash Flows For each of the three years in the period ended December 31, 2022 (All amounts in Philippine Peso)

| | Notes | 2022 | 2021 | 2020 |
|--|----------|---------------|---------------|--------------|
| Cash flows from operating activities | | | | |
| Income before income tax | | 14,434,757 | 354,336,057 | 31,309,054 |
| Adjustments for: | | | | |
| Depreciation and amortization | 7,8,9,16 | 1,495,903 | 1,734,434 | 1,227,738 |
| Provision for (reversal of) impairment losses, net | 3,4,16 | 1,723,735 | (4,709,314) | (575,487) |
| Retirement benefit expense | 12 | 660,465 | 658,408 | 1,026,662 |
| Reversal of accrued expenses | 10,16 | - | - | (800,000) |
| Gain on sale of interest in land rights | 19 | - | (345,559,187) | - |
| Gain on disposal of property and equipment and intangible assets | 8,9 | (159,741) | - | - |
| Equity in net earnings of associates | 6 | (10,005,764) | (6,673,044) | (7,607,779) |
| Interest income | 2,11 | (16,820,586) | (9,587,462) | (12,115,846) |
| Operating income (loss) before changes in assets and liabilities | | (8,671,231) | (9,800,108) | 12,464,342 |
| Changes in assets and liabilities: | | | | |
| Receivables | | 3,221,089 | 429,412 | 1,147,205 |
| Other current assets | | (1,219,091) | (24,675,184) | 766,470 |
| Other non-current assets | | - | 50,710 | - |
| Accrued expenses and other current liabilities | | (390,898) | (2,599,488) | 1,145,569 |
| Refundable deposits | | 698,664 | (2,591,811) | 1,405,663 |
| Net cash generated from (absorbed by) operations | | (6,361,467) | (39,186,469) | 16,929,249 |
| Interest received from cash and cash equivalents | | 5,110,821 | 877,054 | 888,324 |
| Contributions to the retirement fund | | - | (273,803) | - |
| Income tax paid | | (1,868,578) | (443,949) | (5,330,183) |
| Net cash provided by (used in) operating activities | | (3,119,224) | (39,027,167) | 12,487,390 |
| Cash flows from investing activities | | | | |
| Principal collection of loans to related parties | 11 | 340,000,000 | 10,000,000 | 22,000,000 |
| Interest received from loans to a related party | | 11,238,438 | 8,502,124 | 11,508,806 |
| Cash dividends received | 6,11 | 6,986,479 | 7,510,465 | 8,733,099 |
| Net proceeds from disposal of property and equipment and intangible assets | 8,9 | 3,354,564 | - | - |
| Net proceeds from sale of interest in land rights | 19 | - | 349,649,187 | - |
| Purchase of intangible assets | 9 | - | (1,129,022) | (7,085,405) |
| Income tax paid from sale of interest in land rights | | - | (56,855,431) | - |
| Purchase of property and equipment | 8 | (206,250) | (591,536) | (1,562,034) |
| Loans provided to a related party | 11 | (100,000,000) | - | - |
| Net cash provided by investing activities | | 261,373,231 | 317,085,787 | 33,594,466 |
| Cash flows from financing activities | | | | |
| Purchase of treasury shares | 14 | (723,531) | (1,666,910) | (985,512) |
| Cash dividends paid | 14 | (15,623,652) | (15,661,640) | (15,416,640) |
| Net cash used in financing activities | | (16,347,183) | (17,328,550) | (16,402,152) |
| Net increase in cash and cash equivalents | | 241,906,824 | 260,730,070 | 29,679,704 |
| Cash and cash equivalents at January 1 | | 341,097,007 | 80,366,937 | 50,687,233 |
| Cash and cash equivalents at December 31 | 2 | 583,003,831 | 341,097,007 | 80,366,937 |

The notes on pages 1 to 43 are integral part of these consolidated financial statements.

Keppel Philippines Holdings, Inc. and Subsidiaries

Notes to the Consolidated Financial Statements

As at December 31, 2022 and 2021

and for each of the three years in the period ended December 31, 2022

(In the notes, all amounts are shown in Philippine Peso unless otherwise stated)

Note 1 - General information

Keppel Philippines Holdings, Inc. (the “Parent Company”) and its subsidiaries, KPSI Property, Inc. (KPSI), and Goodwealth Realty and Development Corporation (GRDC), including GRDC’s subsidiary, Goodsoil Marine Realty Inc. (GMRI), collectively referred to as the “Group”, were incorporated in the Philippines.

The Parent Company was registered with the Philippine Securities and Exchange Commission (SEC) on July 24, 1975 with registered office address at Unit 3-B, Country Space 1 Building, 133 Sen. Gil Puyat Avenue, Salcedo Village, Barangay Bel-Air, Makati City. The Parent Company is involved in investment holding while the subsidiaries are in the real estate industry.

In 1987, the Parent Company became a publicly-listed entity through initial public offering (IPO) of its shares. There was no follow on offering after the IPO. The Parent Company’s shares are publicly traded in the Philippine Stock Exchange (PSE).

As at December 31, 2022 and 2021, the top three (3) shareholders are the following:

| | Percentage of ownership |
|----------------------------------|-------------------------|
| Kepwealth, Inc. | 53.4% |
| Keppel Corporation Limited (KCL) | 29.5% |
| Public | 17.1% |

As at December 31, 2022 and 2021, the Parent Company’s percentage of ownership in its subsidiaries are as follows:

| | Percentage of ownership |
|------|-------------------------|
| KPSI | 100% |
| GRDC | 51% |
| GMRI | 51% |

GRDC is 44%-owned by Keppel Philippines Marine, Inc. Retirement Plan (KPMI Retirement Plan) and 5%-owned by Keppel Philippines Marine, Inc. (KPMI) in 2022 and 2021. GRDC owns 93.8% of GMRI, thus, including the Parent Company’s 3.2% separate interest in GMRI, the Parent Company has 51% effective ownership on GMRI.

The ultimate parent company of the Group is KCL, a company incorporated in Singapore and listed in the Singapore Exchange.

The Parent Company has six (6) regular employees as at December 31, 2022 and 2021. The administrative functions of the subsidiaries are handled by the Parent Company’s management.

As at December 31, 2022, the Parent Company has 236 (2021 - 238) shareholders respectively, each owning at least 100 shares.

The accompanying consolidated financial statements have been approved and authorized for issuance by the Board of Directors (BOD) on January 27, 2023.

Impact of Coronavirus Disease 2019

Subsequent to the outbreak of COVID-19 in the first quarter of 2020, a series of measures to curb the pandemic have been and continues to be implemented in the Philippines. As a result of the implementation of the community quarantine, the Group has extended lease concessions to its related party lessees from March 15, 2020 to June 30, 2021 (Note 11). One of the Group's third-party lessees experienced difficulties in meeting obligations to the Group which resulted in the termination of its lease contract in 2020 (Note 3). Management continues to implement measures to mitigate and reduce any negative impact to its profitability or any other economic effects on its business. Measures have likewise been undertaken to preserve the health and safety of its employees and other stakeholders.

Management is closely monitoring the status of the pandemic and its related impact on its business operations. Based on the results of management assessment, the Group believes that COVID-19 has no significant impact on the Group's liquidity ratios, impairment of the Group's assets, and ability of the entities in the Group to continue to operate as going concern within the next 12 months.

Note 2 - Cash and cash equivalents

Cash and cash equivalents as at December 31 consist of:

| | 2022 | 2021 |
|------------------|--------------------|--------------------|
| Cash in banks | 11,049,504 | 7,624,647 |
| Cash equivalents | 571,954,327 | 333,472,360 |
| | <u>583,003,831</u> | <u>341,097,007</u> |

Cash in banks earn interests at the prevailing bank deposit rates. Cash equivalents are short-term investments which are placed in financial institutions for varying periods of up to three (3) months, depending on the immediate cash requirements of the Group, and earned interest at annual rates that ranged from in 0.5% to 5.125% in 2022 (2021 - 0.375% to 0.5%).

Interest income earned amounted to P6.7 million in 2022 and (2021 - P0.9 million; 2020 - P0.9 million). Interest receivable amounted to P1.6 million as at December 31, 2022 (2021 - P0.01 million) (Note 3).

Note 3 - Receivables, net

Receivables, net as at December 31 consist of:

| | Notes | 2022 | 2021 |
|--|-------|-------------------|--------------------|
| Lease receivables from related parties | 11 | 28,152,763 | 30,296,494 |
| Interest receivable | 2,11 | 1,645,096 | 1,320,565 |
| Loan receivables from a related party | 11 | - | 240,000,000 |
| Due from related parties | 11 | - | 930,561 |
| | | <u>29,797,859</u> | <u>272,547,620</u> |
| Less: Non-current portion of lease receivables | | <u>27,070,872</u> | <u>28,310,387</u> |
| | | <u>2,726,987</u> | <u>244,237,233</u> |

Movements in allowance for impairment related to lease receivables from third parties, non-trade and other receivables for the years ended December 31 are as follows:

| | Note | 2022 | 2021 | 2020 |
|----------------------|------|------|-----------|-------------|
| January 1 | | - | 516,912 | 2,152,580 |
| Provision (Reversal) | 16 | - | (132,000) | 132,000 |
| Write-off | | - | (384,912) | (1,767,668) |
| | | - | - | 516,912 |

In 2021, the Group fully collected the lease receivable from third-party customer and subsequently reversed the previously recognized allowance for impairment amounting to P0.1 million as at December 31, 2020 which was considered credit-impaired due to the third-party customer's difficulty in meeting obligations to the Group in light of COVID-19 (Note 1). COVID-19 had no impact on other receivables of the Group. The allowance was reversed considering that the external party was able to pay in 2021.

As at December 31, 2021, other receivables amounting to P0.4 million were fully provided since 2003. The Group assessed that the amount may not be collectible and write-off was made in 2021.

As at December 31, 2019, non-trade receivables amounting to P1.8 million which pertain to deposit to a seller of a parcel of land, the title of which has not been transferred to the Group, was fully provided with allowance for impairment since 2003. In 2020, the Group wrote off the full amount as it deems it can no longer recover the balance after exhausting collection efforts.

Note 4 - Other current assets, net

Other current assets, net as at December 31 consist of:

| | 2022 | 2021 |
|----------------------------------|-------------|-------------|
| Creditable withholding tax (CWT) | 3,226,557 | 1,509,162 |
| Input value-added tax (VAT) | 592,356 | 672,647 |
| Prepaid expenses | 411,245 | 291,310 |
| Deposits | 192,340 | 760,963 |
| Advances to employees | - | 107,821 |
| Others | 27,000 | 273,577 |
| | 4,449,498 | 3,615,480 |
| Allowance for impairment | (3,614,309) | (1,890,574) |
| | 835,189 | 1,724,906 |

Movements in the allowance for impairment related to input VAT and CWT for the years ended December 31 are as follows:

| | 2022 | | | 2021 | | | 2020 | | |
|------------------------------------|-----------|-----------|-----------|-----------|-------------|-------------|-----------|-------------|-------------|
| | Input VAT | CWT | Total | Input VAT | CWT | Total | Input VAT | CWT | Total |
| January 1 | 489,600 | 1,400,974 | 1,890,574 | 396,000 | 6,071,888 | 6,467,888 | 302,400 | 6,872,975 | 7,175,375 |
| Provision | 102,756 | 1,620,979 | 1,723,735 | 93,600 | 1,400,974 | 1,494,574 | 93,600 | 2,846,676 | 2,940,276 |
| Recovery of provision | - | - | - | - | (6,071,888) | (6,071,888) | - | (3,647,763) | (3,647,763) |
| Net provision (recovery) (Note 16) | 102,756 | 1,620,979 | 1,723,735 | 93,600 | (4,670,914) | (4,577,314) | 93,600 | (801,087) | (707,487) |
| December 31 | 592,356 | 3,021,953 | 3,614,309 | 489,600 | 1,400,974 | 1,890,574 | 396,000 | 6,071,888 | 6,467,888 |

The recovered CWT and VAT were applied against income tax due and VAT payable, respectively, in the related year recorded.

Prepaid expenses mainly pertain to commission, utilities and insurance.

Note 5 - Financial asset at fair value through other comprehensive income (FVOCI)

Details and movements of financial asset at FVOCI as at and for the years ended December 31 are as follows:

| | 2022 | 2021 |
|-----------------------------------|------------|------------|
| Original cost | 316,004 | 316,004 |
| Accumulated revaluation | | |
| January 1 | 43,683,996 | 34,683,996 |
| Unrealized fair value gain (loss) | 14,000,000 | 9,000,000 |
| December 31 | 57,683,996 | 43,683,996 |
| | 58,000,000 | 44,000,000 |

Movement of investment revaluation reserve for the years ended December 31 are as follows:

| | 2022 | 2021 | 2020 |
|-----------------------------------|------------|------------|-------------|
| January 1 | 43,422,057 | 34,422,057 | 36,422,058 |
| Unrealized fair value gain (loss) | 14,000,000 | 9,000,000 | (2,000,001) |
| December 31 | 57,422,057 | 43,422,057 | 34,422,057 |

This account pertains to proprietary golf club share that provides the Group with opportunities for return of capital gains. This share does not have fixed maturity or coupon rate and the movement is based on quoted market prices or executable dealer quotes for identical or similar instruments in inactive markets. There were no dividends earned during the periods.

Note 6 - Investment in an associate, at equity

Investment in an associate as at December 31 consists of:

| | Note | 2022 | 2021 | 2020 |
|-------------------------------------|------|-------------|-------------|-------------|
| Original cost | | 337,596,800 | 337,596,800 | 337,596,800 |
| Accumulated share in net income | | | | |
| At January 1 | | 80,627,147 | 81,464,568 | 82,589,888 |
| Equity in net earnings of associate | | 10,005,764 | 6,673,044 | 7,607,779 |
| Cash dividends received | 11 | (6,986,479) | (7,510,465) | (8,733,099) |
| At December 31 | | 83,646,432 | 80,627,147 | 81,464,568 |
| | | 421,243,232 | 418,223,947 | 419,061,368 |

This account consists of GMRI's 24.95% investment or 17,466,196 shares out of 70,000,000 shares in Consort Land, Inc. (CLI), a company incorporated in the Philippines. The principal activity of CLI is to engage in real estate business except real estate subdivision business.

The Group has a Share Purchase Agreement with KPMI for the transfer of 2,950,000 shares dated September 6, 2012. In March 2021, the Bureau of Internal Revenue issued Certificate Authorizing Registration (CAR) for the transfer of the said shares. With the issuance of CAR, GMRI has an ownership interest of 24.95% in CLI.

Summarized financial information of CLI as at and for the years ended December 31 are as follows:

| | 2022 | 2021 |
|--|-------------|-------------|
| Current assets | 71,593,545 | 57,498,158 |
| Non-current assets | 263,531,898 | 266,066,155 |
| Current liabilities | 22,285,465 | 22,708,231 |
| Non-current liabilities | 2,107,406 | 2,146,565 |
| Net assets | 310,732,572 | 298,709,517 |
| Revenues | 172,205,012 | 141,519,621 |
| Income before income tax | 43,108,057 | 28,869,656 |
| Net income and total comprehensive income for the year | 40,023,055 | 26,692,177 |

The Group share in the net assets of CLI amounted to P77.5 million as at December 31, 2022 (2021 - P74.5 million).

The non-current assets of CLI represent prime lots held for appreciation, which are carried at cost. The fair value of the property is P3.0 billion as at December 31, 2022 (2021 - P2.5 billion) based on the latest valuation report of an independent appraiser.

The difference between the Group's share in net assets of CLI and carrying amount of its investment in an associate is attributable to the price premium from fair values of land holdings of CLI.

There are no significant restrictions on the ability of the associates to transfer funds to the Group in the form of cash dividends or to repay loans or advances made by the Group.

There are no contingent liabilities relating to the Group's investment in associate.

Note 7 - Investment properties, net; Leases

Details and movements of investment properties as at and for the years ended December 31 are as follows:

| | Land | Condominium units | Total |
|--|-------------|-------------------|-------------|
| Cost | | | |
| January 1, 2021 and December 31, 2021 and 2022 | 205,288,439 | 3,689,178 | 208,977,617 |
| Accumulated depreciation | | | |
| January 1, 2021 and December 31, 2021 and 2022 | - | 3,689,178 | 3,689,178 |
| Net book values | 205,288,439 | - | 205,288,439 |

Investment properties represent the parcels of land situated in Batangas City and condominium units in Makati City which are held for lease.

Based on an appraisal made by an accredited independent appraiser, the investment properties have an aggregate fair value of P1.3 billion as at December 31, 2021. The market approach was used in determining the fair value which considers the sales of similar or substitute properties and related market data and establishes a value estimate by processes involving comparison. Management believes that the fair value as at December 31, 2022 has not significantly changed from the last valuation date.

The appraiser determined that the highest and best use of the subject properties are those of industrial uses, commercial and residential properties, which are aligned with the current use. The fair value of the investment properties is categorized as Level 3 which used adjusted inputs for valuation that are unobservable as at the date of valuation. The inputs used were asking prices of similar listings and offerings, discounts and physical adjustments (such as location, neighborhood size and development). Significant increases or decreases in the inputs would result in higher or lower fair value of the asset. None of the properties are impaired.

Group as lessor

The Group leases out a parcel of land used as a shipyard site in San Miguel, Bauan, Batangas to KPMI. The agreement is for a period of 50 years beginning 1993. The annual rental on the leased property is originally subject to 5% escalation after every five (5) years. In May 2007, the agreement was amended revising the annual lease rate and escalation rate to 1.50% escalation after every five (5) years.

Aside from the aforementioned lease, the Group leases out its investment properties to third party and related party customers for periods ranging from one (1) month to three (3) years with option to renew for another one (1) month to three (3) years under such terms and conditions as may be mutually agreed upon by the parties to the contracts. In 2021, there were no leases to third party.

The Group also leases out a piece of land until June 1, 2021, which is the subject of complaint against the Philippine National Oil Company (PNOC) (Note 19).

Rental income attributable to the investment properties for the years ended December 31 consists of the following:

| | Note | 2022 | 2021 | 2020 |
|-----------------|------|------------|-----------|------------|
| Related parties | 11 | 11,131,815 | 9,056,598 | 10,652,728 |
| Third parties | | 99,809 | - | 22,678,320 |
| | | 11,231,624 | 9,056,598 | 33,331,048 |

The operating expenses directly attributable to the investment properties pertaining to contractual services, repairs and maintenance, and real estate taxes amounted to P4.0 million in 2022 and 2021 (2020 - P6.8 million).

Outstanding balances of lease receivables from related parties as at December 31, 2022 and 2021 represent lease differential in the computation of rent income using straight-line method.

The Group's outstanding receivables and unearned rental income from third parties as at December 31, 2022 and 2021 are disclosed in Notes 3 and 10, respectively.

Advance rentals as at December 31 are as follows:

| | Notes | 2022 | 2021 |
|-----------------------|-------|---------|---------|
| Third parties | | 299,427 | - |
| Related parties | 11 | 128,982 | 128,982 |
| | | 428,409 | 128,982 |
| Less: Current portion | 10 | 128,982 | 128,982 |
| Non-current portion | | 299,427 | - |

Refundable deposits as at December 31 are as follows:

| | Note | 2022 | 2021 |
|-----------------------|------|---------|--------|
| Third parties | | 399,236 | - |
| Related parties | 11 | 93,982 | 93,982 |
| | | 493,218 | 93,982 |
| Less: Current portion | | 193,791 | 93,982 |
| Non-current portion | | 299,427 | - |

Future minimum rental receivables under non-cancellable operating lease agreements as at December 31 are as follows:

| | 2022 | 2021 |
|---|-------------|-------------|
| Within one (1) year | 12,139,177 | 10,665,919 |
| After one (1) year but not more than five (5) years | 58,965,158 | 42,663,676 |
| More than five (5) years | 161,108,806 | 182,760,622 |
| | 232,213,141 | 236,090,217 |

Note 8 - Property and equipment, net

Details and movements of property and equipment as at and for the years ended December 31 are as follows:

| | Note | Condominium units | Office machine, furniture and fixtures | Transportation equipment | Total |
|--------------------------|------|-------------------|--|--------------------------|-------------|
| 2022 | | | | | |
| Cost | | | | | |
| January 1 | | 5,397,020 | 2,693,736 | 776,186 | 8,866,942 |
| Additions | | - | 206,250 | - | 206,250 |
| Disposal | | - | (1,500,000) | - | (1,500,000) |
| December 31 | | 5,397,020 | 1,399,986 | 776,186 | 7,573,192 |
| Accumulated depreciation | | | | | |
| January 1 | | 5,397,020 | 913,310 | 776,186 | 7,086,516 |
| Depreciation | 16 | - | 369,273 | - | 369,273 |
| Disposal | | - | (517,857) | - | (517,857) |
| December 31 | | 5,397,020 | 764,726 | 776,186 | 6,937,932 |
| Net book values | | - | 635,260 | - | 635,260 |
| 2021 | | | | | |
| Cost | | | | | |
| January 1 | | 5,397,020 | 2,254,159 | 776,186 | 8,427,365 |
| Additions | | - | 591,536 | - | 591,536 |
| Disposal | | - | (151,959) | - | (151,959) |
| December 31 | | 5,397,020 | 2,693,736 | 776,186 | 8,866,942 |
| Accumulated depreciation | | | | | |
| January 1 | | 5,397,020 | 695,997 | 776,186 | 6,869,203 |
| Depreciation | 16 | - | 369,272 | - | 369,272 |
| Disposal | | - | (151,959) | - | (151,959) |
| December 31 | | 5,397,020 | 913,310 | 776,186 | 7,086,516 |
| Net book values | | - | 1,780,426 | - | 1,780,426 |

The fully depreciated assets that are still in use as at December 31, 2022 amounted P6.7 million (2021 - P6.5 million).

Additions to cost and depreciation expense for the year ended December 31, 2020 amounted to P1.6 million and P0.2 million, respectively.

The Group sold computer hardware and software with net book values of P1.0 million and P2.2 million (Note 9), respectively, to KPMI for a total amount of P3.4 million, resulting in net gain of P0.2 million in 2022 (2021 and 2020 - nil) (Note 11).

Based on the results of management assessment, the Group believes that there was no objective evidence that indicators of impairment exist as at December 31, 2022 and 2021.

Note 9 - Intangible assets, net

Details and movements of intangible assets which pertain to computer software programs as at and for the years ended December 31 are as follows:

| | Note | 2022 | 2021 |
|-------------------------------|------|-------------|-----------|
| Cost | | | |
| January 1 | | 8,214,427 | 7,085,405 |
| Additions | | - | 1,129,022 |
| Disposal | | (3,642,045) | - |
| December 31 | | 4,572,382 | 8,214,427 |
| Accumulated amortization | | | |
| January 1 | | 2,371,195 | 1,006,033 |
| Amortization expense | 16 | 1,126,630 | 1,365,162 |
| Disposal | | (1,429,366) | - |
| December 31 | | 2,068,459 | 2,371,195 |
| Net book value at December 31 | | 2,503,923 | 5,843,232 |

The Group disposed computer hardware (Note 8) and software to KPMI for P3.4 million resulting in a gain of P0.2 million included in the other income in 2022 (2021 and 2020 - nil).

Based on the results of management's assessment, the Group believes that there was no objective evidence that indicators of impairment exist as at December 31, 2022 and 2021.

Note 10 - Accrued expenses and other current liabilities

Accrued expenses and other current liabilities as at December 31 consist of:

| | Notes | 2022 | 2021 |
|--------------------------------|-------|-----------|-----------|
| Accrued expenses | | 1,066,876 | 2,095,268 |
| Payable to government agencies | | 792,404 | 348,649 |
| Unearned interest income | | 146,462 | - |
| Advance rentals | 7 | 128,982 | 128,982 |
| Others | 11 | 721,560 | 674,282 |
| | | 2,856,284 | 3,247,181 |

Accrued expenses include professional fees, audit fees, directors' fees, fringe, membership dues, taxes and licenses, and other expenses.

Payable to government agencies include output VAT and withholding taxes.

Other accounts payable pertain to unclaimed monies or dividends by shareholders (Note 11).

Note 11 - Related party transactions and balances

In the normal course of business, the Group transacts with companies which are considered related parties. The significant related party transactions and balances as at and for the years ended December 31 are as follows:

| Related party | Notes | Transactions | | | Outstanding receivable (payable) | | Terms and conditions | |
|---|-------|---------------|--------------|--------------|----------------------------------|-------------|---|--|
| | | 2022 | 2021 | 2020 | 2022 | 2021 | | |
| Entities under common control | | | | | | | | |
| Loans (a) | | | | | | | | |
| KPMI | | | | | | | | |
| Principal | 3 | (240,000,000) | (10,000,000) | (22,000,000) | - | 240,000,000 | Outstanding balance is collectible in cash, with terms of 88 to 90 days subject for renewal, interest-bearing at 2.9% to 5.0% per annum in 2022 (2021 - 3.1% to 3.8%), and unsecured. | |
| Interest income | 3 | 7,225,921 | 8,641,563 | 11,256,118 | - | 1,223,442 | | |
| Keppel Subic Shipyard, Inc. (KSSI) | | | | | | | | |
| Principal | | - | - | - | - | - | | |
| Interest income | | 2,865,294 | - | - | - | - | | |
| Leases (b) | | | | | | | | |
| Rental income | | | | | | | | |
| KPMI | | | | | | | | |
| | | 10,711,815 | 8,636,598 | 10,232,728 | 28,152,763 | 30,296,494 | Outstanding balance is collectible in cash within the first five (5) days of each month, non-interest bearing and unsecured. | |
| Keppel IVI Investment, Inc. (KIVI) | | | | | | | | |
| | | 300,000 | 300,000 | 300,000 | - | - | | |
| Keppel Energy and Consultancy, Inc. (KECI) | | | | | | | | |
| | | 120,000 | 120,000 | 120,000 | - | - | | |
| | 7 | 11,131,815 | 9,056,598 | 10,652,728 | 28,152,763 | 30,296,494 | | |
| Advance rentals | | | | | | | | |
| KPMI | | | | | | | | |
| | | - | 175,363 | - | (93,982) | (93,982) | Outstanding balance is to be applied on the last monthly rental at end of lease term, is non-interest bearing and unsecured. | |
| KIVI | | | | | | | | |
| | | - | - | - | (25,000) | (25,000) | | |
| KECI | | | | | | | | |
| | | - | - | - | (10,000) | (10,000) | | |
| | 7,10 | - | 175,363 | - | (128,982) | (128,982) | | |
| Refundable deposits | | | | | | | | |
| KPMI | | | | | | | | |
| | 7 | - | 175,364 | - | (93,982) | (93,982) | Outstanding balance is payable in cash within 60 days from end of lease term, non-interest bearing and unsecured. | |
| Various expenses and charges (c) | | | | | | | | |
| KPMI | | | | | | | | |
| | | 221,859 | 7,304,509 | 2,500,703 | - | - | Outstanding balance is collectible in cash on demand, non-interest bearing and unsecured. | |
| Keppel Enterprise Services Pte. Ltd. | | | | | | | | |
| | | 377,035 | 1,487,751 | - | - | - | | |
| KSSI | | | | | | | | |
| | | - | - | 14,345 | - | - | | |
| Payroll service fees (d) | | | | | | | | |
| KSSI | | | | | | | | |
| | | 1,806,659 | 1,847,962 | 570,098 | - | 125,602 | | |
| KPMI | | | | | | | | |
| | | 1,587,965 | 1,757,056 | 541,800 | - | 804,959 | | |
| | | 3,394,624 | 3,605,018 | 1,111,898 | - | 930,561 | | |
| Management fees (e) | | | | | | | | |
| Bay Philippines Holdings, Inc. | | | | | | | | |
| | | 825,000 | - | - | - | - | | |
| KECI | | | | | | | | |
| | | 240,000 | 240,000 | 240,000 | - | - | | |
| KIVI | | | | | | | | |
| | | 180,000 | 180,000 | 180,000 | - | - | | |
| Kepventure, Inc. | | | | | | | | |
| | | 60,000 | 60,000 | 60,000 | - | - | | |
| | | 1,305,000 | 480,000 | 480,000 | - | - | | |
| Sale of fixed assets | | | | | | | | |
| KPMI | | | | | | | | |
| | 8,9 | 3,354,562 | - | - | - | - | | |
| Other income | | | | | | | | |
| Commission (f) | | | | | | | | |
| KPMI | | | | | | | | |
| | | - | 828,000 | 1,123,485 | - | - | | |
| Director's fees | | | | | | | | |
| KPPI | | | | | | | | |
| | | 230,000 | 190,000 | 170,000 | - | - | | |
| Associates | | | | | | | | |
| Cash dividends received | | | | | | | | |
| | 6 | 6,986,479 | 7,510,465 | 8,733,099 | - | - | Outstanding balance is collectible in cash on pay-out date as approved by the related party's BOD, non-interest bearing and unsecured. | |
| Shareholders of Parent Company | | | | | | | | |
| Cash dividends declared and paid | | | | | | | | |
| Kepwealth, Inc. | | | | | | | | |
| | | 3,053,293 | 3,053,293 | 3,053,293 | - | - | Outstanding balance is payable in cash on pay-out date as approved by the Parent Company's BOD, non-interest bearing and unsecured. | |
| KCL | | | | | | | | |
| | | 1,689,409 | 1,689,409 | 1,689,409 | - | - | | |
| Others | | | | | | | | |
| | | 981,140 | 1,019,130 | 1,019,130 | (721,560) | (674,282) | | |
| | 10,14 | 5,723,842 | 5,761,832 | 5,761,832 | (721,560) | (674,282) | | |
| Various expenses and charges (b) | | | | | | | | |
| KCL | | | | | | | | |
| | | 221,100 | 78,811 | - | - | - | Outstanding balance is collectible in cash on demand, non-interest bearing and unsecured. | |
| Kepwealth, Inc. | | | | | | | | |
| | | 29,131 | 40,789 | 501,405 | - | - | | |
| Management fees (e) | | | | | | | | |
| Kepwealth, Inc. | | | | | | | | |
| | | 276,000 | 276,000 | 276,000 | - | - | | |
| Non-controlling interests (NCI) | | | | | | | | |
| Cash dividends declared and paid | | | | | | | | |
| | 14 | 9,899,808 | 9,899,808 | 9,654,808 | - | - | Outstanding balance is payable in cash on pay-out date as approved by the subsidiary's BOD, non-interest bearing and unsecured. | |
| Key management personnel | | | | | | | | |
| Salaries and other short-term employee benefits | | | | | | | | |
| | | 1,943,200 | 1,763,200 | 3,645,212 | - | - | Outstanding balance is payable every designated period per employee contracts, non-interest bearing and unsecured. | |
| Retirement benefits | | | | | | | | |
| | | 660,465 | 658,408 | 491,278 | - | - | | |
| Retirement plan | | | | | | | | |
| Contributions to the fund | | | | | | | | |
| | 12 | - | 273,803 | - | - | - | Refer to note. | |

The Group at all times observes and adheres with the related party transactions policy and all other relevant laws, rules and regulations, as may be applicable, in the review, approval and disclosure of related party transactions. The members of the Audit Committee and management discloses to the BOD all material facts related to the material related party transactions, whether potential or actual conflict of interest, including their direct and indirect interest in any transaction or matter that may affect or is affecting the Group. Materiality threshold of the Group is ten percent (10%) of the Group's total consolidated assets based on the latest audited financial statements. The material related party transactions are approved by two-thirds vote of the BOD with at least majority of the independent directors voting to approve. In the case that the majority of the independent directors' vote is not secured, the material related party transactions may be ratified by the vote of the shareholders representing at least two-thirds of the outstanding share capital of the Parent Company.

For each of the three (3) years in the period ended December 31, 2022, the Group has not made any provision for doubtful accounts relating to amounts owed by related parties because of strong financial condition of the concerned entities. This assessment is undertaken each financial year through examination of the financial position of each related party and the market in which the related party operates.

(a) Loans

The Group granted short-term, interest-bearing loans to KPMI and KSSI. The loans were fully paid during the year. Movements in loans receivable for the years ended December 31 are as follows:

| | 2022 | 2021 | 2020 |
|-------------------|---------------|--------------|--------------|
| January 1 | 240,000,000 | 250,000,000 | 272,000,000 |
| New loans granted | 100,000,000 | - | - |
| Collections | (340,000,000) | (10,000,000) | (22,000,000) |
| December 31 | - | 240,000,000 | 250,000,000 |

(b) Leases

The Group leases certain investments properties to related parties (Note 7). The Group granted lease concessions to KPMI which amounted to P2.7 million in 2021 (2020 - P2.6 million) which were netted to rental income. The Group did not grant lease concessions to KPMI in 2022.

(c) Various expenses and charges

The Group paid for various reimbursable expenses which are utilized in the normal operations of the related parties.

The Group also incurred share in various expenses due to KPMI relating to clearing and leveling operations on leased out properties amounting P2.5 million in 2020. There were no such expenses in 2022 and 2021.

In 2021, the Group paid commission to KPMI related to the sale of interest in land rights amounting P7.2 million (Note 19). There were no such transaction in 2022 and 2020.

(d) Payroll service fees

In 2020, the Group entered into payroll service agreements with KSSI and KPMI for the use of the payroll system of the Group. The Group charges these parties at agreed service fees for the one-time and recurring charges incurred by the Group. These agreements are considered renewed every year thereafter and subject to mutual amendments or termination by the parties. The agreement was terminated effective November 2022.

(e) Management fees

Since 2013, the Group had management agreements with related companies with monthly management fees which are subject to change depending upon the extent and volume of services provided by the Group. The services cover regular consultancy, handling of financial reporting, personnel and administration services including payroll and other government documentary requirements. The agreement are considered renewed every year thereafter, unless one (1) party gives the other a written notice of termination at least three (3) months prior to the expiration date.

In April 2021, the Parent Company signed an accounting services agreement with Bay Philippines Holdings Corp., an entity under common control, with monthly fee of P55,000 excluding out-of-pocket expenses. The services cover handling of financial reporting and government documentary requirements. The agreement is subject to automatic annual renewal until terminated by either party at any time by giving not less than ninety (90) days written notice to the other party.

(f) Commission

The Group entered into an agreement with KPMI to assist the latter in its bidding activities for select projects with the Company earning a 1% share in KPMI's revenues. The income earned amounted to P1.1 million in 2020. There was no income earned in 2022 and 2021.

In 2021, the Group also entered into one-time agreement with KPMI to assist the latter in the sale of its improvement in a piece of land at Bauan, Batangas with the Company earning a 2% share in the sale. The income earned amounted to Po.8 million in 2021.

(g) Key management personnel

There were no share-based compensation, other long-term and termination benefits provided to key management personnel for each of the three (3) years in the period ended December 31, 2022.

(h) Elimination

The following related party transactions and balances were eliminated for the purpose of preparing the consolidated financial statements:

| | Note | 2022 | 2021 | 2020 |
|---|------|-------------|-------------|-------------|
| As at December 31 | | | | |
| Investment in subsidiaries | | 110,165,069 | 110,165,069 | 110,165,069 |
| For the years ended December 31 | | | | |
| Dividend income of Parent Company from subsidiaries | 14 | 10,303,867 | 10,703,867 | 10,548,867 |
| Dividend income of GRDC from GMRI | 14 | 296,325 | 296,325 | 296,325 |
| Management fees of Parent Company from subsidiary | | 780,000 | 780,000 | 780,000 |

Note 12 - Retirement benefits

The Group has a funded, non-contributory defined benefit plan covering the retirement and disability benefits to its qualified employees and is being administered by a trustee bank. The normal retirement age is 60 years with at least five (5) years of service and optional retirement date is at age 50 and completion of at least ten (10) years of service. The retirement obligation is determined using the Projected Unit Credit (PUC) method. Under the PUC method, the annual normal cost for the portion of the retirement is determined using the amount necessary to provide for the portion of the retirement benefit accruing during the year.

Details of retirement benefit liability, net in the consolidated statements of financial position as at December 31 are as follows:

| | 2022 | 2021 |
|---|-------------|-------------|
| Fair value of plan assets | 8,830,923 | 9,052,516 |
| Present value of defined benefit obligation | (7,781,483) | (9,052,516) |
| | 1,049,440 | - |

Movements in the present value of defined benefit obligation for the years ended December 31 are as follows:

| | 2022 | 2021 | 2020 |
|---------------------------------|-------------|-------------|-------------|
| At January 1 | 9,052,516 | 10,517,659 | 10,043,033 |
| Current service cost | 660,465 | 576,054 | 751,500 |
| Interest cost | 449,005 | 520,624 | 290,075 |
| Benefits paid | - | (990,745) | (1,780,000) |
| Remeasurement loss from: | | | |
| Experience adjustments | (2,218,356) | (1,565,482) | - |
| Change in financial assumptions | (162,147) | (5,594) | 1,213,051 |
| At December 31 | 7,781,483 | 9,052,516 | 10,517,659 |

Movements in the fair value of plan assets for the years ended December 31 are as follows:

| | 2022 | 2021 | 2020 |
|---------------------|-----------|-----------|-------------|
| At January 1 | 9,052,516 | 8,853,942 | 10,619,028 |
| Interest income | 449,005 | 438,270 | 14,914 |
| Contributions | - | 273,803 | - |
| Benefits paid | - | (990,745) | (1,780,000) |
| Gain on plan assets | (670,598) | 477,246 | - |
| At December 31 | 8,830,923 | 9,052,516 | 8,853,942 |

These plan assets are composed mainly of government securities and unit investment trust funds under Level 1 fair value category.

There is no expected contribution to the plan assets for the year ending December 31, 2023.

Details of retirement benefit expense recognized as part of salaries, wages, and employee benefits under operating expenses in profit or loss for the years ended December 31 are as follows:

| | 2022 | 2021 | 2020 |
|----------------------|---------|---------|-----------|
| Current service cost | 660,465 | 576,054 | 751,500 |
| Net interest cost | - | 82,354 | 275,162 |
| | 660,465 | 658,408 | 1,026,662 |

Movements in remeasurements on retirement benefits as at and for the years ended December 31 are as follows:

| | 2022 | 2021 | 2020 |
|---------------------------------------|-----------|-----------|-------------|
| January 1 | 1,099,460 | (948,862) | 184,932 |
| Remeasurement gain (loss) | 1,709,905 | 2,048,322 | (1,213,050) |
| Tax effect | - | - | 79,256 |
| Remeasurement gain (loss), net of tax | 1,709,905 | 2,048,322 | (1,133,794) |
| December 31 | 2,809,365 | 1,099,460 | (948,862) |

The principal actuarial assumptions used are as follows:

| | 2022 | 2021 |
|---|-------|-------|
| Discount rate | 7.69% | 4.96% |
| Salary increase rate | 5.0% | 5.0% |
| Average remaining working life | 10.26 | 9.6 |
| Weighted average duration of the defined benefit obligation | 10 | 12 |

The discount rate assumption is based on the theoretical spot yield curve calculated from the Bankers Association of the Philippines PHP BVAL Reference Rates benchmark reference curve for the government securities market (previously the PDEx (PDST-R2) market yields on benchmark government bonds) by stripping the coupons from government bonds to create virtual zero coupon bonds as of the valuation date, and considering the average years of remaining working life of the employees as the estimated term of the benefit obligation.

Assumptions regarding future mortality are set based on actuarial report as at December 31, 2022 in accordance with published statistical data and historical mortality experience in the Philippines.

The sensitivities of the defined benefit obligation to changes in the principal assumptions as at December 31 are as follows:

| | Impact on defined benefit obligation | | |
|----------------------|--------------------------------------|------------------------|------------------------|
| | Change in assumption | Increase in assumption | Decrease in assumption |
| 2022 | | | |
| Discount rate | 1% | (665,305) | 733,440 |
| Salary increase rate | 1% | 746,189 | (688,504) |
| 2021 | | | |
| Discount rate | 1% | (872,283) | 976,509 |
| Salary increase rate | 1% | 965,158 | (880,830) |

The sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the retirement benefit obligation recognized in the consolidated statements of financial position. The methods and types of assumptions used in the preparing the sensitivity analysis did not change compared to previous period.

The maturity analysis of undiscounted future retirement payments as at December 31 are as follows:

| | 2022 | 2021 |
|--|------------|------------|
| Less than a year | 76,768 | 125,133 |
| Between one (1) to five (5) years | 401,663 | 554,958 |
| Over five (5) years but not more than ten (10) years | 12,725,191 | 20,358,400 |
| Over ten (10) years | 11,066,646 | 19,533,413 |
| | 24,270,268 | 40,571,904 |

Note 13 - Share capital

Details of share capital as at December 31, 2022 and 2021 are as follows:

| | Amount |
|----------------------------|-------------|
| Authorized at P1 par value | |
| Class A | 90,000,000 |
| Class B | 200,000,000 |
| | 290,000,000 |
| Issued at P1 par value | |
| Class A | 39,840,970 |
| Class B | 33,332,530 |
| Share capital | 73,173,500 |

The Class "A" and Class "B" shares of stock are identical in all respects and have P1 par value per share, except that Class "A" shares are restricted to ownership of Philippine nationals. Class "B" shares are 18% and 82% owned by Philippine nationals and foreign nationals, respectively, as at December 31, 2022 and 2021. Each share has a right to one (1) vote.

Movements in the number of outstanding shares (or issued less treasury shares) as at December 31 are as follows:

| | 2022 | 2021 | 2020 |
|-----------------------------|------------|------------|------------|
| Class "A" | | | |
| January 1 | 35,826,670 | 36,065,970 | 36,165,970 |
| Purchase of treasury shares | (70,600) | (239,300) | (100,000) |
| December 31 | 35,756,070 | 35,826,670 | 36,065,970 |
| Class "B" | | | |
| January 1 | 21,515,749 | 21,552,349 | 21,636,449 |
| Purchase of treasury shares | (38,800) | (36,600) | (84,100) |
| December 31 | 21,476,949 | 21,515,749 | 21,552,349 |
| Total outstanding shares | 57,233,019 | 57,342,419 | 57,618,319 |

Details of the Parent Company's weighted average number of shares as at December 31 are as follows:

| | 2022 | 2021 | 2020 |
|---------|------------|------------|------------|
| Class A | 35,756,070 | 35,826,670 | 36,065,970 |
| Class B | 21,476,949 | 21,515,749 | 21,552,349 |
| | 57,233,019 | 57,342,419 | 57,618,319 |

In accordance with SRC Rule 68, as Amended (2019), Annex 68-K, below is a summary of the Parent Company's track record of registration of securities as at December 31:

| Common shares | Number of shares registered | Issue/ offer price | Date of approval | Number of holders of securities |
|---------------|-----------------------------|--------------------|------------------|---------------------------------|
| 2022 | | | | |
| Class "A" | 35,756,070 | 1.00 | June 30, 2000 | 375 |
| Class "B" | 21,476,949 | 1.00 | June 30, 2000 | 55 |
| | 57,233,019 | | | |
| 2021 | | | | |
| Class "A" | 35,826,670 | 1.00 | June 30, 2000 | 378 |
| Class "B" | 21,515,749 | 1.00 | June 30, 2000 | 55 |
| | 57,342,419 | | | |

Note 14 - Retained earnings; Treasury shares

Retained earnings amounted to P761.4 million as at December 31, 2022 (2021 - P762.6 million). The portion of retained earnings, corresponding to the undistributed equity in net earnings of the associates, is not available for distribution as dividends until declared by the associates.

Retained earnings are further restricted to the extent of treasury shares with the following details as at December 31:

| | 2022 | | 2021 | |
|-----------|------------|------------|------------|------------|
| | Shares | Cost | Shares | Cost |
| Class "A" | 4,084,900 | 15,840,946 | 4,014,300 | 15,383,529 |
| Class "B" | 11,855,581 | 10,163,584 | 11,816,781 | 9,897,470 |
| | 15,940,481 | 26,004,530 | 15,831,081 | 25,280,999 |

As at December 31, 2022, total unrestricted retained earnings of the Parent Company amounted to P469.5 million (2021 - P494.5 million). The amount of unrestricted retained earnings is in excess of 100% of its paid-up capital as at December 31, 2022 and 2021. The Parent Company declared and paid cash dividends on a regular basis to comply with the Corporation Code of the Philippines. The Parent Company declares dividend based upon the favorable result of operations and the availability of unappropriated retained earnings. The Parent Company is also pursuing potential projects in the coming years for which the excess retained earnings will be utilized.

(a) Dividends

(i) Parent Company

The Parent Company's BOD declared cash dividends of P0.10 per share or P5.8 million in 2022, 2021 and 2020 as follows:

| | 2022 | 2021 | 2020 |
|----------------------------------|---------|---------|---------|
| Date of declaration and approval | June 17 | June 19 | June 19 |
| Date of shareholders' record | July 7 | July 8 | July 9 |
| Date paid | July 31 | July 31 | July 31 |

(ii) Subsidiaries

Dividends declared by the subsidiaries for the years ended December 31 are as attributable to:

| | Note | 2022 | 2021 | 2020 |
|----------------------------------|------|------------|------------|------------|
| Equity holders of Parent Company | 11 | 10,303,867 | 10,703,867 | 10,548,867 |
| NCI | 11 | 9,899,808 | 9,899,808 | 9,654,808 |
| GRDC to GMRI | 11 | 296,325 | 296,325 | 296,325 |
| | | 20,500,000 | 20,900,000 | 20,500,000 |

Dividends to NCI were declared and paid in the same year.

Note 15 - Earnings per share

Basic earnings per share is calculated by dividing the net income attributable to shareholders of the Group by the weighted average number of ordinary shares in issue during the period, excluding ordinary shares purchased by the Group and held as treasury shares, if any.

Earnings per share for the years ended December 31 is calculated as follows:

| | Note | 2022 | 2021 | 2020 |
|---|------|------------|-------------|------------|
| Net income attributable to equity holders of the parent | | 4,525,592 | 264,633,350 | 20,207,345 |
| Weighted average number of shares outstanding | 13 | 57,233,019 | 57,342,419 | 57,618,319 |
| Basic earnings per share | | 0.08 | 4.61 | 0.35 |

The Group has no potential shares that will have a dilutive effect on earnings per share.

Note 16 - Operating expenses

Operating expenses for the years ended December 31 consist of:

| | Notes | 2022 | 2021 | 2020 |
|--|-------|------------|-------------|------------|
| Salaries, wages, and employee benefits | | 10,822,072 | 10,906,102 | 12,063,802 |
| Taxes and licenses | | 5,076,085 | 4,394,018 | 4,370,228 |
| Professional fees | | 4,167,634 | 4,155,989 | 3,125,239 |
| Provision for (Reversal of) impairment losses, net | 3,4 | 1,723,735 | (4,709,314) | (575,487) |
| Repairs and maintenance | | 1,571,134 | 1,208,977 | 197,677 |
| Depreciation and amortization | 7,8,9 | 1,495,903 | 1,734,434 | 1,227,738 |
| Contractual services | | 1,092,000 | 1,092,000 | 2,898,000 |
| Utilities | | 931,106 | 877,885 | 741,595 |
| Transportation and travel | | 579,380 | 513,642 | 442,186 |
| Membership dues | | 545,019 | 652,414 | 467,305 |
| Office supplies | | 149,752 | 124,972 | 92,653 |
| Reversal of accrued expenses | 10 | - | - | (800,000) |
| Others | | 880,523 | 1,042,417 | 685,756 |
| | | 29,034,343 | 21,993,536 | 24,936,692 |

Others consist of bank charges, business development expenses, and miscellaneous items.

Note 17 - Income taxes

The Group's deferred income tax liability as at December 31, 2022 amounting to P1.4 million (2021 - P1.5 million) pertain to lease receivable from straight-lining which is expected to be settled after more than 12 months from reporting date.

Details of deferred income tax assets, net as at December 31 which were not recognized because management believes that future taxable profit will not be available against which the deductible temporary difference and carry-forward benefits of net operating loss carry-over (NOLCO) and excess minimum corporate income tax (MCIT) can be applied are as follows:

| | 2022 | | 2021 | |
|-------------------------------|-------------|------------|-----------|------------|
| | Tax base | Tax effect | Tax base | Tax effect |
| NOLCO | 6,388,252 | 1,580,154 | 238,487 | 47,697 |
| Accrued expenses | 398,347 | 97,847 | 815,598 | 202,363 |
| Advance rentals | 57,593 | 6,012 | 57,592 | 6,012 |
| Retirement benefit asset, net | (1,049,440) | (262,360) | - | - |
| | 5,794,752 | 1,421,653 | 1,111,677 | 256,072 |
| MCIT | | 926,165 | | 1,289,575 |
| | | 2,347,818 | | 1,545,647 |

Under the National Internal Revenue Code of 1997, net operating loss carry-over (NOLCO) and MCIT can be applied as deduction from taxable income and tax due, respectively, over the next three (3) years immediately following the year of such loss.

On September 11, 2020, Republic Act (R.A.) No. 11494, otherwise known as "Bayanihan to Recover as One Act", was passed into law to strengthen the government's efforts in mitigating the effects of COVID-19 pandemic. Under R.A. No. 11494, NOLCO for taxable years 2020 and 2021 shall be carried over as a deduction from gross income for the next five (5) consecutive taxable years immediately following the year of such loss.

R.A. No. 11534, known as the CREATE Act, was signed into law on March 26, 2021. The signing into law of the CREATE Act is a non-adjusting subsequent event as at December 31, 2020. The salient provisions of CREATE that are relevant to the Company are the lowering of the regular corporate income tax rate (RCIT) from 30% to 20% or 25%, depending on the level of the Company's total assets and net taxable income, and minimum corporate income tax (MCIT) from 2% to 1%, starting July 1, 2020. For financial reporting purposes, the entities in the Group are subject to 20% or 25% RCIT and 1% MCIT for December 31, 2022 and 2021.

In August 2007, GMRI was registered as a developer/operator of Keppel Philippines Marine Special Economic Zone with the Philippine Economic Zone Authority (PEZA) pursuant to Presidential Proclamation No. 1329 dated July 16, 2007 and the provisions of Republic Act No. 7916, otherwise known as the amended "Special Economic Zone Act of 1995". With this registration, GMRI is entitled to the special tax rate of 5% on gross income, in lieu of all national and local taxes, except real property taxes on land owned by GMRI.

Registered business enterprises, like GMRI, will continue to enjoy the preferential rates on registered activities for 10 years from the approval of CREATE Act or until April 2031.

Details of and movements in NOLCO and MCIT as at and for the years ended December 31 are as follows:

| Year incurred | Expiry year | 2022 | | 2021 | |
|---------------|-------------|-----------|-----------|---------|-----------|
| | | NOLCO | MCIT | NOLCO | MCIT |
| 2022 | 2025 | 6,149,765 | 157,970 | - | - |
| 2021 | 2026 | 238,487 | - | 238,487 | - |
| 2021 | 2024 | - | 11,118 | - | 11,118 |
| 2020 | 2023 | - | 757,077 | - | 757,077 |
| 2019 | 2022 | - | 521,380 | - | 521,380 |
| 2018 | 2021 | - | - | - | 330,446 |
| | | 6,388,252 | 1,447,545 | 238,487 | 1,620,021 |
| Expiration | | - | (521,380) | - | (330,446) |
| December 31 | | 6,388,252 | 926,165 | 238,487 | 1,289,575 |

Income tax payable amounted to Po.07 million and Po.06 million as at December 31, 2022 and 2021, respectively.

The components of the income tax expense for the years ended December 31 are as follows:

| | 2022 | 2021 | 2020 |
|------------------------------|-----------|------------|-----------|
| Final tax on interest income | 1,345,874 | 189,180 | 171,946 |
| Current | 919,450 | 84,926,531 | 5,084,329 |
| Deferred | (88,310) | 29,941 | (88,153) |
| | 2,177,014 | 85,145,652 | 5,168,122 |

Reconciliation of the income tax expense at statutory income tax rates to the income tax expense as shown in the consolidated statements of income for the years ended December 31 are as follows:

| | 2022 | 2021 | 2020 |
|--|-------------|-------------|-------------|
| Income tax computed at statutory tax rates | 2,781,222 | 90,745,468 | 9,392,716 |
| Adjustments resulting from tax effects of: | | | |
| Differential in income subject to 5% on gross income | 1,856,212 | 529,604 | (1,000,554) |
| Changes in unrecognized deferred income tax assets | 1,751,027 | 24,129 | (848,454) |
| Final tax on interest income | 1,345,874 | 189,180 | 171,946 |
| Non-deductible expenses | 498,948 | 110,450 | 474,546 |
| Impact of CREATE Act on current income tax | - | (435,102) | - |
| Interest income subjected to final tax | (1,674,417) | (237,500) | (257,918) |
| Non-taxable income and reversals | (4,381,852) | (5,780,577) | (2,764,160) |
| Effective income tax expense | 2,177,014 | 85,145,652 | 5,168,122 |

Note 18 - Operating segments

For management reporting purposes, the Group's businesses are classified into the following business segments: (1) investment holding, and (2) real estate, with KPMI, a related party, and third parties, as key lessees. The Group's BOD reviews the performance of these reportable segments. Details of the Group's business segments are as follows:

| | Investment holding | Real estate | Combined | Eliminations | Consolidated |
|--|--------------------|--------------|---------------|---------------|---------------|
| 2022 | | | | | |
| Revenues and income | | | | | |
| KPMI | 7,250,351 | 12,485,350 | 19,735,701 | - | 19,735,701 |
| External customers | - | 99,809 | 99,809 | - | 99,809 |
| Equity in net earnings of an associate | - | - | - | 10,005,764 | 10,005,764 |
| Other related parties | 17,336,821 | 210,000 | 17,546,821 | (11,083,867) | 6,462,954 |
| Interest income from banks and others | 6,095,266 | 1,069,606 | 7,164,872 | - | 7,164,872 |
| Total revenues and income | 30,682,438 | 13,864,765 | 44,547,203 | (1,078,103) | 43,469,100 |
| Income before income tax | 8,053,411 | 16,685,213 | 24,738,624 | (10,303,867) | 14,434,757 |
| Income tax expense | (1,279,141) | (897,873) | (2,177,014) | - | (2,177,014) |
| Net income | 6,774,270 | 15,787,340 | 22,561,610 | (10,303,867) | 12,257,743 |
| Other comprehensive income | 15,709,905 | - | 15,709,905 | - | 15,709,905 |
| Total comprehensive income | 22,484,175 | 15,787,340 | 38,271,515 | (10,303,867) | 27,967,648 |
| Other information | | | | | |
| Segment assets | 672,051,380 | 740,470,861 | 1,412,522,241 | (110,165,068) | 1,302,357,173 |
| Segment liabilities | 3,277,319 | 2,745,221 | 6,022,540 | (896,346) | 5,126,194 |
| Depreciation and amortization | 1,119,229 | 376,674 | 1,495,903 | - | 1,495,903 |
| 2021 | | | | | |
| Revenues and income | | | | | |
| KPMI | 10,398,619 | 9,464,598 | 19,863,217 | - | 19,863,217 |
| External customers | - | 345,559,187 | 345,559,187 | - | 345,559,187 |
| Equity in net earnings of an associate | - | - | - | 6,673,044 | 6,673,044 |
| Other related parties | 14,087,829 | 420,000 | 14,507,829 | (11,483,867) | 3,023,962 |
| Interest income from banks and others | 1,210,183 | - | 1,210,183 | - | 1,210,183 |
| Total revenues and income | 25,696,631 | 355,443,785 | 381,140,416 | (4,810,823) | 376,329,593 |
| Income before income tax | 8,891,853 | 356,148,071 | 365,039,924 | (10,703,867) | 354,336,057 |
| Income tax benefit (expense) | 2,019,159 | (87,164,811) | (85,145,652) | - | (85,145,652) |
| Net income | 10,911,012 | 268,983,260 | 279,894,272 | (10,703,867) | 269,190,405 |
| Other comprehensive income | 11,048,322 | - | 11,048,322 | - | 11,048,322 |
| Total comprehensive income | 21,959,334 | 268,983,260 | 290,942,594 | (10,703,867) | 280,238,727 |
| Other information | | | | | |
| Segment assets | 656,087,826 | 744,582,820 | 1,400,670,646 | (110,165,069) | 1,290,505,577 |
| Segment liabilities | 3,350,568 | 2,440,842 | 5,791,410 | (896,346) | 4,895,064 |
| Depreciation and amortization | 1,250,692 | 483,742 | 1,734,434 | - | 1,734,434 |
| 2020 | | | | | |
| Revenues and income | | | | | |
| KPMI | 11,837,803 | 10,232,728 | 22,070,531 | - | 22,070,531 |
| External customers | - | 22,678,320 | 22,678,320 | - | 22,678,320 |
| Equity in net earnings of an associate | - | - | - | 7,607,779 | 7,607,779 |
| Other related parties | 22,937,989 | 420,000 | 23,357,989 | (20,358,291) | 2,999,698 |
| Interest income from banks and others | 889,418 | - | 889,418 | - | 889,418 |
| Total revenues and income | 35,665,210 | 33,331,048 | 68,996,258 | (12,750,512) | 56,245,746 |
| Income before income tax | 16,344,163 | 26,935,403 | 43,279,566 | (11,970,512) | 31,309,054 |
| Income tax expense | (5,168,122) | - | (5,168,122) | - | (5,168,122) |
| Net income | 11,176,041 | 26,935,403 | 38,111,444 | (11,970,512) | 26,140,932 |
| Other comprehensive loss | (3,133,795) | - | (3,133,795) | - | (3,133,795) |
| Total comprehensive income | 8,042,246 | 26,935,403 | 34,977,649 | (11,970,512) | 23,007,137 |
| Other information | | | | | |
| Segment assets | 904,274,549 | 240,428,908 | 1,144,703,457 | (110,165,069) | 1,034,538,388 |
| Segment liabilities | 8,869,466 | 3,864,931 | 12,734,397 | (896,345) | 11,838,052 |
| Depreciation and amortization | 1,227,738 | - | 1,227,738 | - | 1,227,738 |

Segment assets and segment liabilities are measured in the same way as in the consolidated financial statements. These assets and liabilities are allocated based on the operations of each segment. Segment revenue, segment expenses, and segment results include transfers between business segments. Those transfers are eliminated in consolidation.

All of the Group's revenues are derived mainly from operations within Luzon, an island of the Philippines.

There were no significant revenues from third parties in 2022. Significant revenue from third party due to sale of interest in land rights accounted for 90.7% of the Group's consolidated revenues and income in 2021 (2020 - nil) (Note 19). Rental income from KPMI comprise 24.6% of the Group's consolidated revenues and income in 2022 (2021 - 2.4%; 2020 - 18.2%).

Note 19 - Other matters

The Group has land rights over a 10.4-hectare property located in Bauan, Batangas which is subject to a legal case against PNOC. On June 2, 2021, the Group sold such land rights to a third party for a gross price of P358.6 million. The Group's cash deposit of P4.1 million within other non-current assets in the statement of financial position as at December 31, 2020, and related legal expense of P1.8 million and commission expense of P7.2 million incurred and paid in 2021, were applied against the gross price resulting in a net gain of P345.6 million on the sale of interest in land rights. As a condition of the sale, a motion for substitution was made in court to replace the Parent Company with the buyer as the new plaintiff. On March 10, 2022, the court granted the Parent Company's motion for substitution resulting in the extinguishment of any probable liabilities.

Note 20 - Financial risk management and capital management

20.1 Financial risk management

The Group's activities expose it to a variety of financial risks: credit risk, market risks (interest rate risk and equity price risk), and liquidity risk that could affect its financial position and results of operations. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance. The BOD reviews and approves the policies for managing each of these risks.

(a) Credit risk

Credit risk pertains to the risk that a party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss.

The Group transacts mostly with related parties, thus, there is no requirement for collateral. There are no significant concentrations of credit risk within the Group.

Receivables are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. Significant concentration of credit risk in pertains to the loan receivables from a related party (Notes 3 and 11), which comprise 39% of the Group's maximum exposure in credit risk as at December 31, 2021. The loan receivables from related parties were fully paid in 2022.

The table below shows the maximum exposure to credit risk of the financial assets of the Group:

| | Notes | High performing | Credit-impaired | Total |
|---------------------------|-------|-----------------|-----------------|-------------|
| 2022 | | | | |
| Cash and cash equivalents | 2 | 583,003,831 | - | 583,003,831 |
| Receivables, at gross | 3 | 29,797,859 | - | 29,797,859 |
| | | 612,801,690 | - | 612,801,690 |
| 2021 | | | | |
| Cash and cash equivalents | 2 | 341,097,007 | - | 341,097,007 |
| Receivables, at gross | 3 | 272,547,620 | - | 272,547,620 |
| | | 613,644,627 | - | 613,644,627 |

The Group's financial assets are categorized based on the Group's collection experience with the counterparties as follows:

- a. High performing - settlements are obtained from counterparty following the terms of the contracts without history of default.
- b. Underperforming - some reminder follow-ups are performed to collect accounts from counterparty.
- c. Credit impaired - evidence that a financial asset is credit-impaired includes the following observable data: significant financial difficulty of the counterparty, a breach of contract such as a default or being more than 120 days past due; or it is probable that the borrower will enter bankruptcy or other financial reorganization.

The credit quality of financial assets is discussed below:

(i) Cash and cash equivalents

There is low credit risk exposure and immaterial expected credit losses (ECL) as these are deposited/placed in accredited universal banks as defined by the Philippine Banking System that have high credit standing in the financial services industry.

(ii) Receivables

There is low credit risk exposure and immaterial ECL on loans receivable and related interest receivable, due from and refundable deposits from related parties since these accounts are considered high performing with no history of defaults. These accounts are classified as high performing. Additionally, credit risk is minimized since the related parties are paying on normal credit terms based on contracts. The Group does not hold any collateral as security for these receivables.

(b) Market risk

(i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group is significantly exposed to fair value interest rate risk since a portion of its income and operating cash flows are affected by changes in market interest rates, particularly its loans receivable from a related party and cash equivalents.

The effect on income before tax as a result of a change in interest rates (based on prior year percentage change in interest rates), with all other variables held constant, is as follows:

| | Change in interest rates (%) | Effect on income before income tax |
|-------------------|---------------------------------|---------------------------------------|
| December 31, 2022 | +/- 14 | +/- 2,354,882 |
| December 31, 2021 | +/- 17 | +/- 1,469,066 |

The Group's exposure to movements in market interest rates to its cash and cash equivalents placed with local banks is immaterial. The Group has no hedging policy in relation to managing its interest rates.

(ii) Equity price risk

Equity price risk is the risk that the fair value of equities will decrease resulting from changes in the levels of equity indices and the value of individual stocks.

The Group's price risk exposure relates to its quoted equity investments where values will fluctuate as a result of changes in market prices.

Such quoted equity investments are subject to price risk due to changes in market values arising from factors specific to the instruments or its issuer or factors affecting all instruments traded in the market.

The effect on other comprehensive income as a result of a change in equity price due to a reasonably possible change in equity indices, with all other variables held constant, is as follows:

| | Change in equity price (%) | Effect on other comprehensive income |
|-------------------|----------------------------|--------------------------------------|
| December 31, 2022 | +/- 10 | +/- 8,200,000 |
| December 31, 2021 | +/- 10 | +/- 4,600,000 |

The Group determined the reasonably possible change in equity pricing percentage changes in the fair value for the past three (3) years.

(c) Liquidity risk

Liquidity risk is the risk that the entity will encounter difficulty in raising funds to meet commitments associated with financial instruments. Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of cash and cash equivalents and loans. The Group also monitors its risk to shortage of funds through monthly evaluation of the projected and actual cash flow information. There are no material liquidity risks given minimal liabilities relative to available liquid assets.

The maturity profile and contractual undiscounted cash flows from the Group's financial liabilities which are subject to liquidity risk as at December 31 are as follows:

| | Notes | On demand | Within 3 months | From 3 to 12 months | Total |
|---|-------|-----------|-----------------|---------------------|-----------|
| 2022 | | | | | |
| Accounts payable and other current liabilities* | 10 | 721,560 | 1,066,876 | - | 1,788,436 |
| Refundable deposits | 7 | - | - | 193,791 | 193,791 |
| | | 721,560 | 1,066,876 | 193,791 | 1,982,227 |
| 2021 | | | | | |
| Accounts payable and other current liabilities* | 10 | 674,282 | 2,095,268 | - | 2,769,550 |
| Refundable deposits | 7 | - | - | 93,982 | 93,982 |
| | | 674,282 | 2,095,268 | 93,982 | 2,863,532 |

*Excluding payable to government agencies, unearned interest income, and advance rentals

20.2 Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions.

The Group monitors capital using a debt-to-equity ratio, which is total liabilities divided by total equity. Total liabilities include current and noncurrent liabilities. Equity comprises all components of equity.

The Group's objective is to ensure that there are no known events that may trigger direct or contingent financial obligation that is material to the Group, including default or acceleration of an obligation that will require increased capitalization.

The debt-to-equity ratios as at December 31 are as follows:

| | 2022 | 2021 |
|----------------------|---------------|---------------|
| Total liabilities | 5,126,194 | 4,895,064 |
| Total equity | 1,297,230,979 | 1,285,610,513 |
| Debt-to-equity ratio | 0.004:1 | 0.004:1 |

There were no changes in the Group's approach to capital management during the year.

As part of the reforms of the PSE to expand the capital market and improve transparency among listed firms, the PSE requires listed entities to maintain a minimum of ten percent (10%) of their issued and outstanding shares, exclusive of any treasury shares, held by the public. The Parent Company has fully complied with this requirement.

20.3 Fair value of financial instruments

(a) Financial assets and liabilities at amortized cost

Due to the short-term nature of the Group's financial assets and liabilities at amortized costs, the fair values approximate their carrying amounts as at December 31, 2022 and 2021. Lease receivables are not subject to discounting; thus, the fair values approximate their carrying amounts as at December 31, 2022 and 2021.

(b) Financial asset at FVOCI

The fair value of quoted equity investment is determined by reference to quoted market bid price at the close of business at the end of the reporting dates since this is actively traded in organized financial markets. As at December 31, 2022 and 2021, the Group classifies its financial asset at FVOCI under Level 2 of the fair value hierarchy. For the years ended December 31, 2022 and 2021, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurement.

Note 21 - Critical accounting estimates, assumptions, and judgments

The preparation of the consolidated financial statements requires management to make judgments, estimates, and assumptions that affect the amounts reported in the consolidated financial statements and the related notes. The estimates, assumptions, and judgments used are based upon management's evaluation of the relevant facts and circumstances as at the date of the consolidated financial statements. These are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results could differ from such estimates. The estimates, assumptions, and judgments that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

21.1 Critical accounting estimates and assumptions

(a) Impairment of financial assets

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are discussed in Note 20.1(a).

(b) Fair value of equity instruments

The Group determines the fair value of its equity investments based on quoted market prices or executable dealer quotes for identical or similar instruments in inactive markets at each reporting date (Note 5). The related balances and details of fair value hierarchy are disclosed in Notes 5 and 20.3(b), respectively.

(c) Impairment of other current assets

Management believes that the Group's CWT and input VAT may not be recoverable because of the expected future minimal transactions where the Group's CWT and input VAT will be utilized. The amount and timing of recorded expenses for any period would therefore differ based on the judgment or estimates made. Details of allowance for impairment related CWT and input VAT are disclosed in Note 4.

(d) Fair value of investment properties

The fair value of the investment properties was determined using the market approach as at December 31, 2022 and 2021 (Note 7). The valuation of the investment properties was categorized as Level 3 measurement as it utilized adjusted inputs for valuation that were, for the major part, unobservable as at the date of valuation. The following table summarizes the quantitative information about the significant unobservable inputs used in Level 3 fair value measurements as at December 31, 2022 and 2021:

| Unobservable inputs | Range of inputs | | Relationship of unobservable inputs to fair value |
|---|-----------------|-------------|---|
| | 2022 | 2021 | |
| Asking price discount | 10% to 15% | 10% to 15% | The higher the input, the lower the fair value. |
| Physical adjustments (location, shape, size, condition, development and neighborhood) | -40% to -5% | -40% to -5% | The higher the input, the higher the fair value. |

There were no significant interrelationships between unobservable inputs that materially affects fair values.

(e) Estimated useful lives of property and equipment, and intangible assets

The Group's management determines the estimated useful lives and related amortization charges for its property and equipment, and intangible assets. This estimate is based on the expected future economic benefit to the Group. Management adjusts the depreciation and amortization charge where useful lives are less than previously estimated lives, or write-offs or write-downs technically obsolete assets that have been abandoned or sold.

Management believes that the current estimated useful lives of such assets approximate their actual economic benefits to the Group. Further, management does not foresee any changes in terms of business operations that would warrant reassessment of estimated useful lives. The carrying values of the property and equipment, and intangible assets are disclosed in Notes 8 and 9, respectively.

(f) Retirement benefits

The Group maintains a qualified defined benefit retirement plan. The calculations of retirement benefit costs of the Group are dependent upon the use of assumptions, including discount rates, expected return on plan assets, interest cost, future salary increases, benefits earned, mortality rates, the number of employee retirements, the number of employees electing to take lump-sum payments and other factors.

The Group determines the appropriate discount rate at year-end dates. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the retirement benefit obligation. In determining the appropriate discount rate, the Group considers the interest rates of high-quality government bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related retirement benefit obligation. Other key assumptions for retirement benefit obligation are based in part on current market conditions. Additional information is disclosed in Note 12.

21.2 Critical accounting judgments

(a) Impairment of investment in an associate

Investment in an associate carried at equity method is reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. To determine if its investment in an associate is impaired, the Group evaluates whether its ownership interest in the net assets of its associate after fair value adjustments on non-depreciable non-current assets is less than its cost. Other factors considered are financial health, and short and long-term business outlook, including operational and financing cash flows. As at December 31, 2022 and 2021, the Group's share in CLI's net assets after fair value adjustments is higher than its carrying value, hence, the asset is deemed not impaired. The carrying value of investment in CLI are disclosed in Note 6.

(b) Impairment of other non-financial assets

The Group assesses impairment on investment properties whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Determining the recoverable amount of investments properties (Note 7), property and equipment (Note 8), and intangible assets (Note 9) requires the determination of future cash flows expected to be generated from such assets. This includes considering certain indications of impairment such as significant changes in asset usage, significant decline in assets' market value, or physical damage of an asset, significant underperformance relative to expected historical or projected future operating results and significant negative industry or economic trends.

The Group recognizes an impairment loss if such indications are present and whenever the carrying amount of an asset exceeds its recoverable amount. This requires the Group to make estimates and assumptions that can materially affect the consolidated financial statements. Future events could cause the Group to conclude that these assets are impaired. Any resulting additional impairment loss could have a material adverse impact on the Group's financial condition and results of operations. The Group considers each asset separately in making its judgment. As at December 31, 2022 and 2021, management assessed that there were no identified impairment indicators for its other non-financial assets.

(c) Classification of leases

The Group has entered into a property lease on its investment properties. The Group has determined that it retains all the significant risks and rewards of ownership of these properties as the Group considered, among others, the length of the lease term as compared with the estimated life of the assets. The Group's operating lease contract is accounted for as non-cancellable operating lease. In determining whether a lease contract is cancellable or not, the Group considers, among others, the significance of the penalty, including economic consequence to the lessee. Detail of leases are disclosed in Note 7.

(d) Contingencies

The Group is currently involved in a legal proceeding and claims by third parties as at December 31, 2022. The estimate of the probable cost for the resolution of these claims has been developed in consultation with outside counsel handling the defense in these matters and is based upon an analysis of potential results. The Group currently does not believe that these proceedings and claims by third parties will have a material effect on the Group's consolidated financial statements (Note 19).

(e) Income taxes

Significant judgment is required in determining the income tax expense. There are many transactions and calculations for which the ultimate tax determination is uncertain in the ordinary course of business. The Group recognizes liabilities for tax audit issues when it is probable. The liabilities are based on estimates whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

The Group's assessment on the recognition of deferred income tax assets on non-deductible temporary differences is based on the forecasted taxable income of the following reporting periods. This forecast is based on the Group's future expectations on revenues and expenses. As at December 31, 2022, deferred income tax assets were not recognized because management believes that future taxable profit will not be available against which the deferred income tax assets can be applied. As at December 31, 2021, certain deferred income tax assets disclosed were recognized up to the amounts that management believes that future taxable profit will be available against which the deferred income tax assets can be applied (Note 17).

Note 22 - Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

22.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with Philippine Financial Reporting Standards (PFRS). The term PFRS in general includes all applicable PFRS, Philippine Accounting Standards (PAS), and interpretations of the Philippine Interpretations Committee, Standing Interpretations Committee and International Financial Reporting Interpretations Committee which have been approved by the Financial Reporting Standards Council and adopted by the SEC.

The consolidated financial statements have been prepared on historical cost basis, except for:

- financial assets at FVOCI; and
- fair value of plan assets within retirement benefit liability, net.

The preparation of the consolidated financial statements in conformity with PFRS requires the use of certain critical accounting estimates and assumptions. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where estimates and assumptions are significant to the consolidated financial statements are disclosed in Note 21.

Changes in accounting policies and disclosures

(a) New standards, and amendments and interpretations to existing standards effective January 1, 2022

The following amendments to existing standards were relevant and adopted by the Group for the first time from January 1, 2022:

- Annual Improvements to PFRS 2018-2020 (effective January 1, 2022)

The following improvements were finalized in May 2020:

- PFRS 9, Financial Instruments: clarification of which fees should be included in the 10% test for derecognition of financial liabilities.
- PFRS 16, Leases: amendment of illustrative example 13 to remove the illustration of payments from the lessor relating to leasehold improvements, to remove any confusion about the treatment of lease incentives.

The amendments did not significantly affect the Group's accounting policies and financial statements.

- Proceeds before intended use - Amendments to PAS 16, Property, Plant and Equipment (effective January 1, 2022)

The amendments prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds received from selling items produced while the entity is preparing the asset for its intended use. It also clarifies that an entity is "testing whether the asset is functioning properly" when it assesses the technical and physical performance of the asset. The financial performance of the asset is not relevant to this assessment. Entities must disclose separately the amounts of proceeds and costs relating to items produced that are not an output of the entity's ordinary activities. The amendments did not significantly affect the Group's accounting policies and financial statements.

- Onerous Contracts - Cost of Fulfilling a Contract Amendments to PAS 37, Provisions, Contingent Liabilities and Contingent Assets (effective January 1, 2022)

The amendments clarify that the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling contracts. Before recognizing a separate provision for an onerous contract, the entity recognizes any impairment loss that has occurred on assets used in fulfilling the contract. The amendments did not significantly affect the Group's accounting policies and financial statements.

Other new standards, and amendments and interpretations to existing standards which were effective on January 1, 2022 were not relevant to the Group's financial reporting.

(b) New standards, and amendments and interpretations to existing standards issued but not yet effective as at December 31, 2022

Certain new standards, and amendments and interpretations to existing standards have been published that are not mandatory for December 31, 2022 reporting periods and have not been early adopted by the Group. None of these are expected to be relevant and have an effect on the financial reporting of the Group, while the most relevant ones are set out as follows:

- Classification of Liabilities as Current or Non-current - Amendments to PAS 1, Presentation of Financial Statements (effective January 1, 2023)

The narrow-scope amendments to PAS 1 clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (e.g. the receipt of a waiver or a breach of covenant). The amendments also clarify what PAS 1 means when it refers to the “settlement” of a liability. The amendments are not expected to significantly affect the Group’s classification of liabilities.

- Disclosure of Accounting Policies - Amendments to PAS 1 and PFRS Practice Statement 2, Making Materiality Judgments (effective January 1, 2023)

PAS 1 is amended to require entities to disclose their material rather than their significant accounting policies. The amendments define what is ‘material accounting policy information’ and explain how to identify when accounting policy information is material. The amendments further clarify that immaterial accounting policy information does not need to be disclosed. If it is disclosed, it should not obscure material accounting information. To support this amendment, PFRS Practice Statement 2 was amended to provide guidance on how to apply the concept of materiality to accounting policy disclosures. The amendments are not expected to significantly affect the Group’s accounting policies.

- Definition of Accounting Estimates - Amendments to PAS 8, Accounting Policies, Changes in Accounting Estimates and Errors (effective January 1, 2023)

The amendments clarify how companies should distinguish change in accounting policies from changes in accounting estimates. The distinction is important because changes in accounting estimates are applied prospectively to future transactions and other future events, but changes in accounting policies are generally applied retrospectively to past transactions and other past events as well as the current period. The amendments are not expected to significantly affect the Group’s accounting policies.

- Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to PAS 12, Income Taxes (effective January 1, 2023)

The amendments require companies to recognize deferred income tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. These will typically apply to transactions such as leases of lessees and decommissioning obligations and will require the recognition of additional deferred income tax assets and liabilities. The amendments should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, entities should recognize deferred income tax assets (to the extent that it is probable that these can be utilised) and deferred income tax liabilities at the beginning of the earliest comparative period for all deductible and taxable temporary differences associated with:

- right-of-use assets and lease liabilities, and
- decommissioning, restoration and similar liabilities, and the corresponding amounts recognised as part of the cost of the related assets.

The cumulative effect of recognizing these adjustments is recognized in retained earnings, or another component of equity, as appropriate. The amendments are not expected to significantly affect the Group's accounting policies.

22.2 Basis of consolidation

The consolidated financial statements comprise the separate financial statements of the Parent Company and its subsidiaries as at December 31, 2022 and 2021 and for each of the three years in the period ended December 31, 2022. The Group uses uniform accounting policies; any difference between the subsidiaries and Parent Company are adjusted properly.

All intra-group balances, transactions, and unrealized gains and losses resulting from intra-group transactions are eliminated in full.

Assessment of control

The Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

When the Group has 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:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Parent Company re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. NCI pertain to the equity in a subsidiary not attributable, directly, or indirectly to the Parent Company. NCI represent the portion of profit or loss and the net assets not held by the Group and are presented separately in the consolidated statements of income and consolidated statements of total comprehensive income and within equity in the consolidated statements of financial position and consolidated statements of changes in equity.

Profit or loss and each component of other comprehensive income are attributed to the equity holders of the Parent Company and to the NCI, even if this results in the NCI having a deficit balance.

Acquisitions of NCI are accounted for using the acquisition method, whereby the Group considers the acquisition of NCI as an equity transaction. Any premium or discount on subsequent purchases from NCI shareholders is recognized directly in equity and attributed to the owners of the parent.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary
- Derecognizes the carrying amount of any non-controlling interests
- Derecognizes the cumulative translation differences recorded in equity
- Recognizes the fair value of the consideration received
- Recognizes the fair value of any investment retained
- Recognizes any surplus or deficit in profit or loss
- Reclassifies the Parent Company's share of components previously recognized in other comprehensive income to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities

As at December 31, 2022 and 2021, NCI pertains to 44% and 5% ownership in GRDC of KPMI Retirement Plan and KPMI, respectively.

The financial information (before intercompany eliminations) of GRDC and its wholly-owned subsidiary, GMRI, and NCI balances (after intercompany eliminations) as at and for the years ended December 31 are as follows:

| | 2022 | | | 2021 | | |
|--|------------------|--------------------|--------------------|------------------|--------------------|--------------------|
| | GRDC | GMRI | Total | GRDC | GMRI | Total |
| Current assets | 773,911 | 67,981,361 | 68,755,272 | 863,653 | 74,213,223 | 75,076,876 |
| Non-current assets | 3,246,370 | 567,997,060 | 571,243,430 | 3,250,697 | 569,502,853 | 572,753,550 |
| Total assets | 4,020,281 | 635,978,421 | 639,998,702 | 4,114,350 | 643,716,076 | 647,830,426 |
| Current liabilities | 85,713 | 315,806 | 401,519 | 71,415 | 630,458 | 701,873 |
| Non-current liabilities | - | 1,407,638 | 1,407,638 | - | 1,495,948 | 1,495,948 |
| Total liabilities | 85,713 | 1,723,444 | 1,809,157 | 71,415 | 2,126,406 | 2,197,821 |
| Revenues and income | 547,203 | 19,176,733 | 19,723,936 | 547,619 | 16,594,573 | 17,142,192 |
| Income before income tax | 415,460 | 13,497,204 | 13,912,664 | 414,820 | 10,592,078 | 11,006,898 |
| Net income and total comprehensive income | 391,633 | 12,665,307 | 13,056,940 | 396,908 | 10,036,951 | 10,433,859 |
| Cash flows from: | | | | | | |
| Operating activities | 133,805 | 6,211,743 | 6,345,548 | 58,525 | 1,348,421 | 1,406,946 |
| Investing activities | 296,325 | 48,412,564 | 48,708,889 | 288,846 | 18,720,788 | 19,009,634 |
| Financing activities | (500,000) | (20,000,000) | (20,500,000) | (500,000) | (20,000,000) | (20,500,000) |
| Accumulated balance of material NCI | 2,027,797 | 353,186,931 | 355,214,728 | 1,981,038 | 355,401,348 | 357,382,386 |
| Net income and total comprehensive income attributable to material NCI | 46,760 | 7,685,391 | 7,732,151 | 49,286 | 4,507,769 | 4,557,055 |

Accumulated balance of material NCI, and net income and total comprehensive income attributable to material NCI as at and for the year ended December 31, 2020 are P362.7 million and P5.9 million, respectively.

There are no significant restrictions on the Group's ability to use the assets or settle liabilities within the Group. There is no difference on the voting rights on non-controlling interests compared to majority shareholders.

22.3 Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term, highly liquid investments with original maturities of three (3) months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. These are carried in the consolidated statements of financial position at amortized cost. Other relevant policies are disclosed in Note 22.5.

22.4 Receivables

Receivables are amounts due from debtors in the ordinary course of business. Receivables are recognized initially at the original invoice amount which approximates fair value (as the effect of discounting is immaterial), and subsequently measured at amortized cost less provision for impairment, if any. Other relevant policies are disclosed in Note 22.5.

22.5 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity of another entity. The Group recognizes a financial instrument in the consolidated statements of financial position, when and only when, the Group becomes a party to the contractual provisions of the instrument.

(a) Financial assets

(i) Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss), and
- those to be measured at amortized cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at FVOCI. The Group reclassifies debt investments when and only when its business model for managing those assets changes. The Group has financial assets at FVOCI and at amortized cost as at December 31, 2022 and 2021. Financial assets at amortized cost include cash and cash equivalents (Note 22.3) and receivables (Note 22.4). Financial assets at FVOCI include equity instruments.

(ii) Recognition and derecognition

Regular way purchases and sales of financial assets are recognized on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

On the disposal of equity instruments classified as FVOCI, any related balance within the FVOCI reserve is reclassified to retained earnings.

(iii) Measurement

At initial recognition, the Group measures a financial asset at its fair value.

Subsequent to initial recognition, measurement depends on the Group's business model for managing the asset and cash flow characteristic of the asset. For financial assets at amortized cost, interest income, if any, from these financial assets is included within other income in the consolidated statements of income using the effective interest rate method. Impairment losses are presented as separate line item in profit or loss when material.

Where the Group's management has elected to present fair value gains and losses on investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognized in profit or loss when the Group's right to receive payments is established.

(iv) Impairment

The Group assesses on a forward-looking basis the ECL associated with its debt instruments carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The general approach is applied. Under this approach, credit loss allowance is based on 12-month expected credit loss if there is no significant increase in credit risk since initial recognition of the assets. If there is a significant increase in credit risk since initial recognition, lifetime expected credit loss will be calculated and recognized.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and includes forward-looking information.

The Group considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Group to actions such as realizing security (if any is held).

At each reporting date, the Group assesses whether financial assets carried at amortized cost are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the counterparty;
- a breach of contract such as a default; or
- it is probable that the borrower will enter bankruptcy or other financial reorganization.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognized as a separate line item, when material, in the consolidated statements of income. When an asset remains uncollectible after the Group has exerted all legal remedies, it is written-off against the allowance account. Subsequent recoveries of amounts previously written-off are credited against impairment losses in the consolidated statements of income.

(b) *Financial liabilities*

(i) Classification

The Group classifies its financial liabilities at initial recognition in the following categories: at fair value through profit or loss (including financial liabilities held for trading and those designated at fair value) and financial liabilities at amortized cost. The Group only has financial liabilities at amortized cost which accrued expenses and other current liabilities (excluding payables to government agencies, unearned rental income and advance rentals) (Note 21.12) as at December 31, 2022 and 2021.

Issued financial instruments or their components, which are not designated at fair value through profit or loss, are classified as other financial liabilities, where the substance of the contractual arrangement results in the Group having an obligation either to deliver cash or another financial asset to the holder. Other financial liabilities include accrued expenses. These are included in current liabilities except for maturities greater than 12 months after the reporting period which are classified as non-current liabilities.

(ii) Initial recognition and derecognition

Financial liabilities are initially recognized at fair value of the consideration received plus directly attributable transaction costs. A financial liability is derecognized when the obligation under the liability is discharged or cancelled, or has expired. Where 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 the recognition of a new liability, and the difference in the respective carrying amounts is recognized in profit or loss.

(iii) Subsequent measurement

Other financial liabilities are subsequently measured at amortized cost using the effective interest rate method. Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are an integral part of the effective interest rate.

(c) *Offsetting financial instruments*

Financial assets and liabilities are offset and the net amount reported in the consolidated statements of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Group or the counterparty. There are no financial assets and financial liabilities that were offset as at December 31, 2022 and 2021.

22.6 Prepayments and other assets

Prepayments are expenses paid in cash and recorded as assets before they are used or consumed, as the service or benefit will be received in the future. Prepayments expire and are recognized as expense either with the passage of time or through use or consumption.

Input VAT is carried at face amount or at nominal amount less allowance for impairment loss. The net amount of VAT recoverable from, or payable to, the tax authority is included as part of other current assets or liabilities in the consolidated statements of financial position.

CWT is recognized as asset in the period such excess income tax payments become available as tax credits to the Group and carried over to the extent that it is probable that the benefit will flow to the Group. These are derecognized when there is a legally enforceable right, as prescribed by the applicable laws, to apply the recognized amounts against the related income tax due.

Advances to suppliers and advances to officers and employees represent initial payments for purchases or expenditures. These are reclassified to another asset account or expense upon delivery of the goods or the service by the supplier or upon liquidation of the cash advance.

Prepayments and other assets are carried at cost and are included in current assets, except when the related goods or services are expected to be received and rendered more than 12 months after the end of the reporting period, in which case, these are classified as non-current assets.

22.7 Investment in an associate

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The Group's investment in an associate is accounted for using the equity method in the consolidated financial statements from the date on which it becomes an associate. Cumulative adjustments for periods prior to this event are not recognized.

Under the equity method, the investments in associates are carried in the consolidated statements of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associates, less any dividends declared and impairment in value. If an investor's share in net losses of an associate equals or exceeds its interest in the associate, the investor discontinues recognizing its share of further losses. The interest in an associate is the carrying amount of the investment in the associate under the equity method together with any long-term interests that, in substance, form part of the investor's net investment in the associate.

After application of the equity method, the Group determines whether it is necessary to recognize any additional impairment loss with respect to the Group's net investment in the associate. The consolidated statements of income reflects the Group's share in the results of operations of the associate under the equity in net earnings of associate account. After the Group's interest is reduced to zero, additional losses are provided to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

When there has been a change recognized directly in the equity of the associate, the Group recognizes its share of any change and discloses this, when applicable, in the consolidated statements of changes in equity.

When an associate makes dividend distributions to the Group in excess of the carrying amount, a liability should only be recognized if the Group is obliged to refund the dividend, has incurred a legal or constructive obligation or made payments on behalf of the associate. In the absence of such obligations, the Group recognizes the excess in net profit for the period. When the associate subsequently makes profits, the Group will start recognizing profits when they exceed the excess cash distributions recognized in net profit plus any previously unrecognized losses.

The reporting dates of the associates and the Group are identical and the associates' accounting policies conform to those used by the Group for like transactions and events in similar circumstances.

Unrealized gains arising from intercompany transactions with its associates are eliminated to the extent of the Group's interest in the associate, against the investment in the associate. Unrealized losses are eliminated similarly but only to the extent that there is no evidence of impairment of the asset transferred.

Investment in associate is derecognized upon disposal or loss of significant influence over an associate. Upon loss of significant influence over the associate, the Group measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognized in profit or loss.

The Group determines at each reporting date whether there is any objective evidence that investment in an associate is impaired (Note 22.11).

22.8 Investment properties

Investment property is defined as property held by the owner or by the lessee under a finance lease to earn rentals or for capital appreciation or both, rather than for: (a) use in the production of supply of goods or services or for administrative purposes; or (b) sale in the common course of business. The Group has adopted the cost model for its investment properties.

Land is not depreciated. Depreciation is computed using the straight-line method over the following estimated useful lives in years:

| Asset class | Useful life |
|-----------------------------------|-------------|
| Condominium units | 15 - 25 |
| Furniture, fixtures and equipment | 2 - 4 |

Transfers are made to investment property when, and only when, there is a change in use, evidenced by ending of owner-occupation or commencement of an operating lease to another party. Transfers are made from investment property when, and only when, there is a change in use, evidenced by commencement of owner-occupation or commencement of development with a view to sale.

For a transfer from investment property to owner-occupied property or inventories, the deemed cost of the property for subsequent accounting is its fair value at the date of change in use. If the property occupied by the Group as an owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property and equipment up to the date of change in use.

Investment properties are derecognized when either these have been disposed of or when the investment properties are permanently withdrawn from use and no future economic benefit is expected from their disposal.

Any gains or losses on the retirement or disposal of investment properties are recognized in profit or loss in the year of retirement or disposal.

Fully depreciated investment properties are still carried in the books until they are no longer in use or are retired.

The Group determines at each reporting date whether there is any objective evidence that investment properties are impaired (Note 22.11).

22.9 Property and equipment

Property and equipment are stated at cost, excluding the costs of day-to-day servicing, less accumulated depreciation and any accumulated impairment in value. Such cost includes the cost of replacing part of such property and equipment when that cost is incurred if the recognition criteria are met. Depreciation is calculated on a straight-line basis over the useful lives of the assets.

The assets' residual values, useful lives and method of depreciation are reviewed, and adjusted if appropriate, at each financial year-end. When a major inspection is performed, its cost is recognized in the carrying amount of the property and equipment as a replacement if the recognition criteria are satisfied.

Depreciation of property and equipment is computed using the straight-line method over the following estimated useful lives in years:

| Asset class | Useful life |
|--|-------------|
| Condominium units | 15 to 25 |
| Office machine, furniture and fixtures | 1 to 7 |
| Transportation equipment | 5 |

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognized.

Fully depreciated property and equipment are still carried in the books until they are no longer in use or are retired.

The Group determines at each reporting date whether there is any objective evidence that property and equipment are impaired (Note 22.11).

22.10 Intangible assets

Costs associated with maintaining computer software programs are recognized as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognized as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalized as part of the software product include the software development employee costs and an appropriate portion of relevant overheads. Other development expenditures that do not meet these criteria are recognized as an expense as incurred. Development costs previously recognized as an expense are not recognized as an asset in a subsequent period.

Amortization of computer software is calculated using the straight-line method over their estimated useful lives of seven (7) years.

Intangible assets are derecognized when sold, disposed or when contractual agreements expire and are no longer renewed.

The Group determines at each reporting date whether there is any objective evidence that intangible are impaired (Note 22.11).

22.11 Impairment of non-financial assets

The Group assesses at the reporting date whether there is an indication that its non-financial assets may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses, if any, are recognized in the consolidated statements of income in those expense categories consistent with the function of the impaired asset.

An assessment is made at the reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated.

A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the consolidated statements of income unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining estimated useful life.

22.12 Accrued expenses and other current liabilities

Accrued expenses and other current liabilities are recognized in the period in which the related money, goods or services are received or when a legally enforceable claim against the Group is established. These are recognized initially at invoice amount, which approximates fair value, and subsequently measured at amortized cost using the effective interest method which is normally equal to its nominal amount. Other relevant policies are disclosed in Note 22.5, except for payables to government agencies, unearned rental income and advance rentals.

Payable to government agencies are recognized at face amount, not subject to discounting but are derecognized similarly with financial liabilities.

Other relevant policies for unearned rental income and advance rentals are disclosed in Note 22.16.

22.13 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value of a non-financial asset is measured based on its highest and best use. The asset's current use is presumed to be its highest and best use.

The fair value of financial and non-financial liabilities takes into account non-performance risk, which is the risk that the entity will not fulfill an obligation.

The Group classifies its fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2); and
- inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The appropriate level is determined on the basis of the lowest level input that is significant to the fair value measurement.

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. These instruments are included in Level 1.

The fair value of assets and liabilities that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the asset or liability is included in Level 2. If one or more of the significant inputs is not based on observable market data, the asset or liability is included in Level 3.

As at December 31, 2022 and 2021, the fair value of plan assets and fair value of financial assets at FVOCI are measured under Level 1 and Level 2 fair value category, respectively. The fair value of investment properties are disclosed under Level 3 fair value category. The Group has no other assets and liabilities that are measured or disclosed at fair value.

22.14 Equity

(a) Share capital and share premium

Share capital is measured at par value for all shares issued. When the Group issues shares in excess of par, the excess is recognized as share premium. Incremental costs incurred directly attributable to the issuance of new shares are treated as deduction from share premium.

(b) Treasury shares

Treasury shares are recorded at cost and presented as a deduction from equity. When the shares are retired, the share capital account is reduced by the par value and the excess of cost over par value upon retirement is debited to share premium to the extent of the specific or average share premium when the shares were issued and to retained earnings for the remaining balance.

(c) Retained earnings

Retained earnings include current and prior year's results of operations, net of transactions with shareholders and dividends declared, if any.

Cash dividend distribution to the Group's shareholders is recognized as a liability in the Group's consolidated financial statements in the period in which the dividends are approved by the Group's BOD.

22.15 Earnings per share

(a) Basic

Basic earnings per share is calculated by dividing net income attributable to equity holders of the Parent Company by the weighted average number of shares outstanding during the year, excluding common shares purchased by and held as treasury shares.

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of shares outstanding to assume conversion of all dilutive potential common shares. As at report date, the Parent Company has no dilutive potential common shares.

22.16 Revenues and income

Revenue is recognized when it is probable that the economic benefits associated with the transaction will flow to the Group and the amount of revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable, excluding discounts.

The Group assesses its revenue arrangements against specific criteria in order to determine if it is acting as a principal or as an agent. The Group has concluded that it is acting as the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements, has pricing latitude and is also exposed to credit risks.

The following specific criteria must be met before recognition:

(a) Rental income

Rental income from investment properties is accounted for on a straight-line basis over the lease term (Note 22.19).

Advance rentals are received at the start of the lease term and recognized as liabilities until earned or applied at the end of lease term. Unearned rental income are received in advance within the lease term and recognized as liabilities until earned or applied at the related lease term period.

(b) Management fees, commission income and directors' fees

These are recognized over time as the services are rendered based on the fixed terms and fixed price of the contracts.

(c) Interest income

Interest income is recognized on a time-proportion basis using the effective interest method (Note 22.5).

Unearned interest income are received in advance from maturity date and recognized as liabilities until earned.

(d) Dividend income

Dividend income is recognized at point in time when the shareholders' right to receive the payment is established.

(e) Other income

Other income is recognized when there is an incidental economic benefit that has been earned, other than the usual business operation, that will flow to the Group through an increase in asset or reduction in liability and that can be measured reliably.

22.17 Expenses

Expenses are decreases in economic benefits during the accounting period in the form of outflows or decrease of assets or incurrence of liabilities that result in decrease in equity, other than those relating to distributions to equity participants. Expenses are recognized in profit or loss in the period these are incurred.

22.18 Employee benefits

(a) Short-term employee benefits

Short-term employee benefits include items such as salaries and wages, social security contributions and non-monetary benefits, if expected to be settled wholly within 12 months after the end of the reporting period in which the employees rendered the related services. Short-term employee benefits are recognized as expense as incurred. When an employee has rendered service to the Group during the reporting period, the Group recognizes the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service as a liability (accrued expense), after deducting any amount already paid. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value, if material.

The related liability on employee benefits is derecognized when the obligation is discharged or cancelled.

(b) Retirement benefits

The Group maintains a non-contributory defined benefit retirement plan which is a retirement plan that defines an amount of pension benefit that an employee will receive upon retirement, dependent on certain factors such as age, years of credited service, and compensation.

The liability recognized in the consolidated statements of financial position in respect of defined benefit retirement plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. In cases when the fair value of plan assets exceeds the present value of the defined benefit obligation at the end of the reporting period, the asset recognized is adjusted to the effect of asset ceiling which is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The defined benefit obligation is calculated annually by an independent actuary using the PUC method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity which approximate the terms of the related retirement liability.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in other comprehensive income during the period in which they arise.

Past-service costs are recognized immediately in profit or loss.

(c) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognizes termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognizes costs for a restructuring that is within the scope of PAS 37, Provisions, Contingent Liabilities and Contingent Assets, and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the reporting date are discounted to their present value.

Liabilities for employee benefits are derecognized when the obligation is settled or cancelled or has expired.

22.19 Leases - Group as lessor

The determination of whether an arrangement is, or contains a lease, is based on the substance of the arrangement at inception date, whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset. A reassessment is made after the inception of the lease only if one of the following applies:

- there is a change in the contractual terms, other than a renewal or extension of the arrangement;
- a renewal option is exercised or extension granted, unless the term of the renewal and extension was initially included in the lease term;
- there is a change in the determination of whether the fulfillment is dependent on a specified asset; or
- there is a substantial change to the asset.

Where a reassessment is made, lease accounting shall commence or cease from the date of the change in circumstances that gave rise to the reassessment for scenarios (a), (c), and (d) above and at the date of renewal or extension period for scenario (b).

Operating leases

Leases where the Group retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same bases as rental income.

22.20 Income taxes

Income tax expense comprises current and deferred income tax. Income tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the income tax is also recognized in other comprehensive income or directly in equity, respectively.

Current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognized on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates based on existing laws that have been enacted or substantively enacted at the reporting date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized for all deductible temporary differences, carry-forward of unused tax losses (NOLCO) and unused tax credits (excess MCIT) to the extent that it is probable that future taxable profit will be available against which the temporary differences, unused tax losses and unused tax credits can be utilized.

Deferred income tax assets are recognized on deductible temporary differences arising from investments in subsidiaries, and joint arrangements only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilized. The Group reassesses at each reporting date the need to recognize a previously unrecognized deferred income tax asset.

Deferred income tax liabilities are recognized in full for all taxable temporary differences, except to the extent that the deferred income tax liability arises from the initial recognition of goodwill. Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Deferred income tax assets and liabilities are derecognized when related bases are realized/settled or when it is no longer realizable/due.

22.21 Operating segments

The Group's operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

22.22 Provisions and contingencies

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated. Provisions are not recognized for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense in the consolidated statements of income.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision shall be reversed and derecognized from the consolidated statements of financial position.

Contingent liabilities are not recognized in the consolidated financial statements but are disclosed in the notes unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the consolidated financial statements but are disclosed in the notes when inflows of economic benefits are probable. If it becomes virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognized in the consolidated financial statements.

Cash deposit for court case is refundable per court decision or applied as payment to plaintiff contingent upon the results of the court case.

22.23 Related party relationships and transactions

Related party relationship exists when one party has the ability to control, directly, or indirectly through one or more intermediaries, the other party or exercise significant influence over the other party in making financial and operating decisions. Such relationship also exists between and/or among entities which are under common control with the reporting enterprise, or between and/or among the reporting enterprise and its key management personnel, directors, or its shareholder. In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

Related party transaction is a transfer of resources, services or obligations between a reporting entity and a related party regardless of whether a price is charged.

22.24 Functional and presentation currency

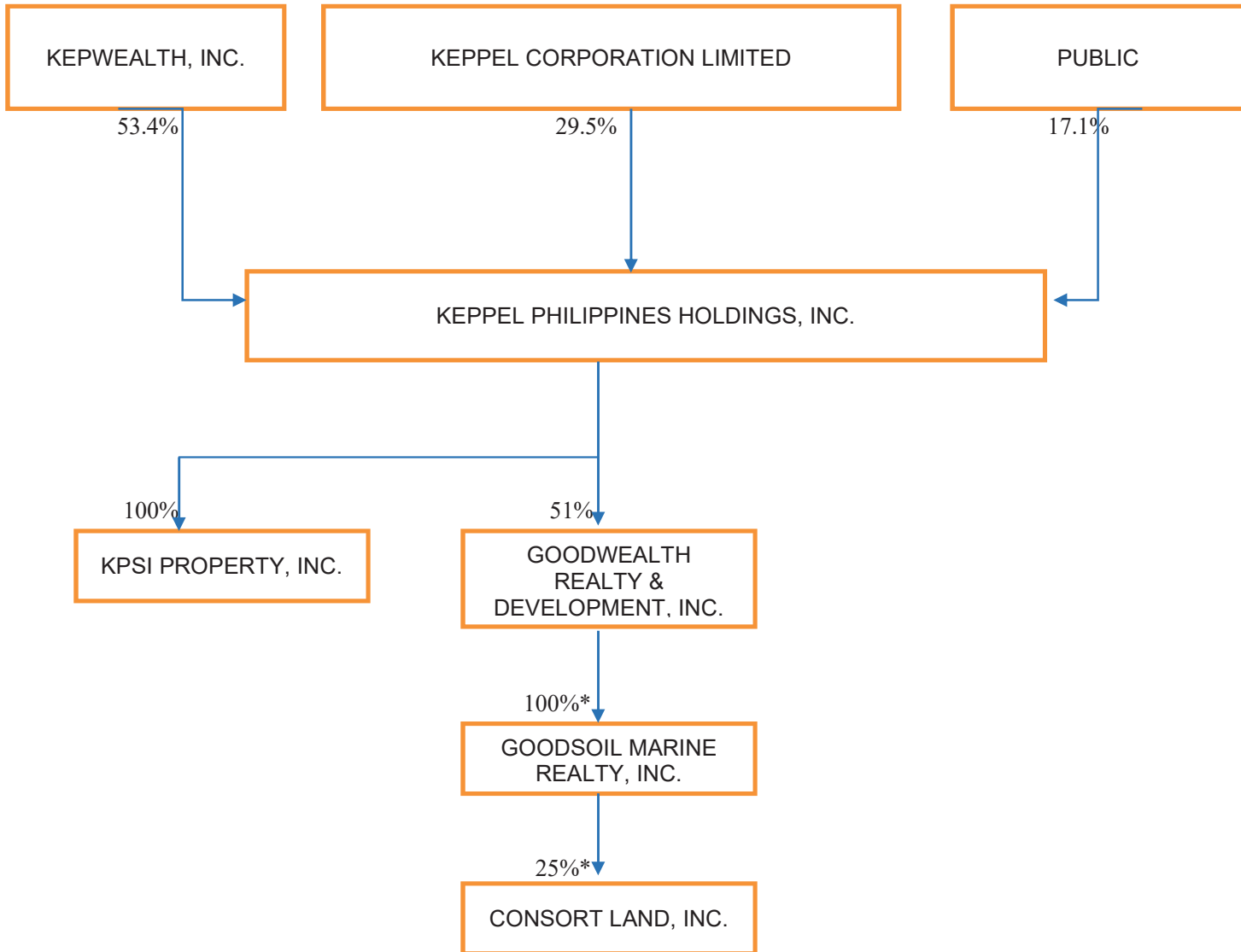
Items included in the consolidated financial statements of the Group are measured using the currency of the primary economic environment in which the entity operates (the “functional currency”). The consolidated financial statements are presented in Philippine Peso, which is the Group’s functional and presentation currency.

22.25 Events after the financial reporting date

Post year-end events that provide additional information about the Group's position at the end of the reporting date (adjusting events) are reflected in the consolidated financial statements. Post year-end events that are not adjusting events are disclosed in the notes to the consolidated financial statements when material.

Keppel Philippines Holdings, Inc. and Subsidiaries

Map of Relationships of the Companies within the Group
As at December 31, 2022



*Including voting rights

Keppel Philippines Holdings, Inc. and Subsidiaries

Financial Soundness Indicators As at December 31, 2022 and 2021 (With comparative figures as at December 31, 2020)

| Ratio | Formula | 2022 | 2021 | 2020 | |
|---|--|---------------|--------|--------|-------|
| A. Current and liquidity ratios | | | | | |
| Current ratio | Total current assets | 586,566,007 | 188.02 | 172.71 | 38.37 |
| | Divided by: Total current liabilities | 3,119,702 | | | |
| | Current ratio | 188.02 | | | |
| Acid test ratio | Total current assets | 586,566,007 | 187.75 | 172.20 | 38.33 |
| | Less: Other current assets | 835,189 | | | |
| | Quick assets | 585,730,818 | | | |
| | Divided by: Total current liabilities | 3,119,702 | | | |
| | Acid test ratio | 187.75 | | | |
| B. Solvency ratio | | | | | |
| | Total net income after tax | 12,257,743 | 2.68 | 55.35 | 2.31 |
| | Add: Depreciation and amortization | 1,495,903 | | | |
| | | 13,753,646 | | | |
| | Divided by: Total liabilities | 5,126,194 | | | |
| Solvency ratio | 2.68 | | | | |
| C. Debt-to-equity ratio | | | | | |
| | Total liabilities | 5,126,194 | 0.004 | 0.004 | 0.01 |
| | Divided by: Total equity | 1,297,230,979 | | | |
| | Debt-to-equity ratio | 0.004 | | | |
| D. Asset-to-equity ratio | | | | | |
| | Total assets | 1,302,357,173 | 1.00 | 1.00 | 1.01 |
| | Divided by: Total equity | 1,297,230,979 | | | |
| | Asset-to-equity ratio | 1.00 | | | |
| E. Debt ratio | | | | | |
| | Total liabilities | 5,126,194 | 0.004 | 0.004 | 0.01 |
| | Divided by: Total assets | 1,302,357,173 | | | |
| | Debt ratio | 0.004 | | | |
| F. Profitability ratios | | | | | |
| Return on assets (%) | Net income | 12,257,743 | 0.94 | 20.86 | 2.53 |
| | Divided by: Total assets | 1,302,357,173 | | | |
| | Return on assets (%) | 0.94 | | | |
| Return on equity (%) | Net income | 12,257,743 | 0.94 | 20.94 | 2.56 |
| | Divided by: Total equity | 1,297,230,979 | | | |
| | Return on equity (%) | 0.94 | | | |
| Net profit margin (%) | Net income | 12,257,743 | 28.20 | 71.53 | 46.48 |
| | Divided by: Total revenues | 43,469,100 | | | |
| | Net profit margin (%) | 28.20 | | | |
| G. Earnings per share (EPS) attributable to equity holders of Parent | | | | | |
| | Net income after minority interest | 4,525,592 | 0.08 | 4.61 | 0.35 |
| | Divided by: Total shares outstanding | 57,233,019 | | | |
| | EPS attributable to equity holders of Parent | 0.08 | | | |
| H. Book value per share (BPS) attributable to equity holders of Parent | | | | | |
| | Total equity after minority interest | 942,016,251 | 16.46 | 16.19 | 11.45 |
| | Divided by: Total shares outstanding | 57,233,019 | | | |
| | BPS attributable to equity holders of Parent | 16.46 | | | |

Keppel Philippines Holdings, Inc. and Subsidiaries

Schedule A - Financial Assets
As at December 31, 2022
(All amounts in Philippine Peso)

| Name of issuing entity and description of each issue | Number of shares or principal amount of bonds and notes | Amount shown in the Consolidated Statement of Financial Position**** | Value based on market quotations at statement date**** | Income received and accrued |
|---|---|--|--|-----------------------------|
| Financial assets at amortized cost | | | | |
| Cash and cash equivalents* | | 583,003,831 | 583,003,831 | 8,471,590 |
| Receivables, net** | | 2,726,987 | 2,726,987 | 11,217,534 |
| | | 585,730,818 | 585,730,818 | 19,689,124 |
| Financial asset at fair value through other comprehensive income*** | | | | |
| Wack-Wack Golf and Country Club, Inc. | 1 | 58,000,000 | 58,000,000 | - |
| | | 643,730,818 | 643,730,818 | 19,689,124 |

* See Note 2 to the Consolidated Financial Statements.

** See Note 3 to the Consolidated Financial Statements.

*** See Note 5 to the Consolidated Financial Statements.

****See Notes 20.1(a) and 20.3 to the Consolidated Financial Statements.

Keppel Philippines Holdings, Inc. and Subsidiaries

Schedule B - Amounts Receivable from Directors, Officers,
Employees, Related Parties and Principal Stockholders
(Other than Related Parties)
As at December 31, 2022
(All amounts in Philippine Peso)

| Name and designation of debtor | Beginning balance | Additions | Deductions | | Current | Non-current | Ending balance |
|--------------------------------------|----------------------|--------------------|----------------------|-----------------------|------------------|-------------------|-------------------|
| | | | Amount collected | Amount written-off | | | |
| Accounts receivable | | | | | | | |
| Keppel Philippines Marine, Inc. | 31,101,453 | 16,106,201 | (19,054,891) | - | 1,081,891 | 27,070,872 | 28,152,763 |
| Keppel Subic Shipyard, Inc. | 125,602 | 1,806,659 | (1,932,261) | - | - | - | - |
| Bay Philippines Holdings, Inc. | - | 825,000 | (825,000) | - | - | - | - |
| Keppel IVI Investments, Inc. | - | 480,000 | (480,000) | - | - | - | - |
| Keppel Enterprise Services Pte. Ltd. | - | 377,035 | (377,035) | - | - | - | - |
| Keppel Energy Consultancy, Inc. | - | 360,000 | (360,000) | - | - | - | - |
| Kepwealth, Inc. | - | 276,000 | (276,000) | - | - | - | - |
| Keppel Philippines Properties, Inc. | - | 230,000 | (230,000) | - | - | - | - |
| Keppel Corporation Limited | - | 221,000 | (221,000) | - | - | - | - |
| Kepventure, Inc. | - | 60,000 | (60,000) | - | - | - | - |
| | 31,227,055 | 20,741,895 | (23,816,187) | - | 1,081,891 | 27,070,872 | 28,152,763 |
| Loans receivable* | | | | | | | |
| Keppel Philippines Marine, Inc. | 241,223,442 | 107,225,921 | (348,449,363) | - | - | - | - |
| Keppel Subic Shipyard, Inc. | - | 102,865,294 | (102,865,294) | - | - | - | - |
| | 241,223,442 | 210,091,215 | (451,314,657) | - | - | - | - |
| | 272,450,497 | 230,833,110 | (475,130,844) | - | 1,081,891 | 27,070,872 | 28,152,763 |

*Including interest receivable amounting to P1,223,442 as at December 31, 2021. Information such as due dates, interest rates, terms of repayments and collateral, if any, are provided in Note 11 to the consolidated financial statements.

See Notes 3 and 11 to the Consolidated Financial Statements.

Keppel Philippines Holdings, Inc. and Subsidiaries

Schedule C - Amounts Receivable from Related Parties
which are eliminated during the Consolidation of Financial Statements
As at December 31, 2022
(All amounts in Philippine Peso)

| Name and designation of debtor | Balance at beginning of period | Additions | Amounts collected | Amounts written off | Current | Not Current | Balance at end of period |
|--------------------------------|--------------------------------|-----------|-------------------|---------------------|---------|-------------|--------------------------|
| Not applicable | | | | | | | |

Keppel Philippines Holdings, Inc. and Subsidiaries

Schedule D - Long-Term Debt
As at December 31, 2022
(All amounts in Philippine Peso)

| Title of issue and type of obligation | Amount authorized by indenture | Amount shown under caption "Current portion of long-term debt" in related balance sheet | Amount shown under caption "Long-term debt" in related balance sheet" |
|---------------------------------------|-----------------------------------|--|---|
| Not applicable | | | |

Keppel Philippines Holdings, Inc. and Subsidiaries

Schedule E - Indebtedness to Related Parties

As at December 31, 2022

(All amounts in Philippine Peso)

| Name of affiliate | Beginning balance | Ending balance |
|-----------------------|----------------------|-------------------|
| Not applicable | | |

Keppel Philippines Holdings, Inc. and Subsidiaries

Schedule F - Guarantees of Securities of Other Issuers

As at December 31, 2022

(All amounts in Philippine Peso)

| Name of issuing entity of securities guaranteed by the company for which statement is filed | Title of issue of each class of securities guaranteed | Total amount guaranteed and outstanding | Amount owned by the company for which statement is filed | Nature of guarantee |
|---|---|---|--|---------------------|
| Not applicable | | | | |

Keppel Philippines Holdings, Inc. and Subsidiaries

Schedule G - Share Capital
As at December 31, 2022
(All amounts in Philippine Peso)

| Title of issue | Number of shares authorized | Number of shares issued and outstanding | Number of shares reserved for options, warrants, conversions, and other rights | Number of shares held by | | |
|-----------------------|-----------------------------|---|--|--------------------------|------------------------------------|-----------|
| | | | | Affiliates | Directors, officers, and employees | Others |
| Issued shares: | | | | | | |
| Common class "A" | 90,000,000 | 39,840,970 | - | - | - | - |
| Common class "B" | 200,000,000 | 33,332,530 | - | - | - | - |
| Total | 290,000,000 | 73,173,500 | - | - | - | - |
| Less treasury shares: | | | | | | |
| Common class "A" | - | 4,084,900 | - | - | - | - |
| Common class "B" | - | 11,855,581 | - | - | - | - |
| Total | - | 15,940,481 | - | - | - | - |
| Outstanding shares: | | | | | | |
| Common class "A" | - | 35,756,070 | - | 28,817,182 | 41 | 6,938,847 |
| Common class "B" | - | 21,476,949 | - | 18,609,835 | 3 | 2,867,111 |
| Total | - | 57,233,019 | - | 47,427,017 | 44 | 9,805,958 |

See Notes 13 and 14 to the Consolidated Financial Statements.

Keppel Philippines Holdings, Inc.

Reconciliation of Retained Earnings Available for Dividend Declaration
As at December 31, 2022
(All amounts in Philippine Peso)

| | | |
|---|------------------|--------------------|
| Unappropriated retained earnings, based on audited separate financial statements, beginning | | 469,199,267 |
| Add: Net income actually earned/realized during the period | | |
| Net income during the period closed to retained earnings | 6,774,270 | |
| Less: Non-actual/unrealized income net of tax | | |
| Equity in net income of associate/joint venture | - | |
| Unrealized foreign exchange gain - net (except those attributable to cash and cash equivalents) | - | |
| Unrealized actuarial gain | - | |
| Fair value adjustment | - | |
| Fair value adjustment of investment property resulting to gain | - | |
| Adjustment due to deviation from PFRS/GAAP - gain | - | |
| Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under PFRS | - | |
| Subtotal | <u>-</u> | |
| Add: Non-actual losses | | |
| Depreciation on revaluation increment (after tax) | - | |
| Adjustment due to deviation from PFRS/GAAP - loss | - | |
| Loss on fair value adjustment of investment property (after tax) | - | |
| Subtotal | <u>-</u> | |
| Net income actually earned during the period | | 6,774,270 |
| Add (Less): | | |
| Dividend declarations during the period | (5,723,842) | |
| Appropriations of retained earnings during the period | - | |
| Reversals of appropriations | - | |
| Effects of prior period adjustments | - | |
| Treasury shares | <u>(723,531)</u> | |
| | | <u>(6,447,373)</u> |
| Total retained earnings, available for dividend, end | | <u>469,526,164</u> |

COVER SHEET

6 2 5 9 6

S.E.C Registration Number

K E P P E L P H I L I P P I N E S H O L D I N G S , I N C . A N D S U B S I D I A R I E S

(Company's Full Name)

U N I T 3 B C O U N T R Y S P A C E I B L D G . 1 3 3 S E N G I L P U Y A T A V E . S A L C E D O V I L . B R G Y . B E L A I R M A K A T I C I T Y

(Business Address: No. Street City/Town/Province)

Alan I. Claveria/ Felicidad V. Razon

Contact Person

8892 1816

Company Telephone Number

1 2

Month

3 1

Day

SEC Form 17Q-March 2023

FORM TYPE

0 6

Month

1 7

Day

Annual Meeting

Secondary License Type, if Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

417 as of April 2023

Total No. of Stockholders

Domestic

Foreign

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

**SECURITIES AND EXCHANGE COMMISSION
SEC FORM 17-Q
QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE
SECURITIES REGULATION CODE AND SRC RULE 17 (2) (b) THEREUNDER**

1. For the quarterly period ended 31 March 2023
2. Commission identification number 62596
3. BIR Tax Identification No. 000-163-715-000
4. Exact name of issuer as specified in its charter
KEPPEL PHILIPPINES HOLDINGS, INC.
5. Province, country or other jurisdiction of incorporation or organization
Philippines
6. Industry Classification Code: (SEC Use Only)
7. Address of issuer's principal office Postal Code
Unit 3B, Country Space I Bldg., Sen. Gil Puyat Avenue 1200
Salcedo Village, Barangay Bel-Air, Makati City
8. Issuer's telephone number, including area code
(632) 8892-18-16
9. Former name, former address and former fiscal year, if changed since last report
N.A.
10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA:
- | | As of April 30, 2023 |
|---------------------|--|
| Title of each Class | Number of shares of common stock outstanding |
| Common 'A' | 35,756,070 |
| Common 'B' | 21,476,949 |
| Total | 57,233,019 (Net of Treasury Shares of 15,940,481) |
11. Are any or all of the securities listed on the Philippine Stock Exchange?
Yes [/] No []
If yes, state the name of such Stock Exchange and the class/es of securities listed therein:
- | | |
|----------------------------------|----------------------|
| <u>Philippine Stock Exchange</u> | <u>Common Shares</u> |
|----------------------------------|----------------------|
12. Indicate by check mark whether the registrant:
- (a) has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder or Sections 11 of the RSA and RSA Rule 11 (a)-1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines, during the preceding twelve (12) months (or for such shorter period the registrant was required to file such reports)
Yes [/] No []
- (b) has been subject to such filing requirements for the past ninety (90) days.
Yes [/] No []

DOCUMENTS INCORPORATED BY REFERENCE

**PART I
FINANCIAL INFORMATION**

- 1) **Financial Statements (see EXHIBIT 1)**
- 2) **Management's Discussion and Analysis of Financial Condition and Results of Operations (see EXHIBIT II)**

**PART II
OTHER INFORMATION**

Information not previously reported and made in this report in lieu of a report on SEC Form 17-C.

NONE

EXHIBIT I

MARCH 2023 QUARTERLY REPORT

KEPPEL PHILIPPINES HOLDINGS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

AS AT MARCH 31, 2023 & DECEMBER 31, 2022

(IN PHILIPPINE PESOS)

| A S S E T S | Unaudited March 31 2023 | Audited December 31 2022 |
|---|--|---|
| Current assets | | |
| Cash and cash equivalents (Notes 6 and 21) | 581,659,651 | 583,003,831 |
| Receivables – net (Notes 7, 15 and 21) | 4,733,578 | 2,726,987 |
| Other current assets - net (Note 8) | 4,057,970 | 835,189 |
| Total current assets | 590,451,199 | 586,566,007 |
| Non-current assets | | |
| Lease receivables – net of current portion (Notes 7,15 and 21) | 26,800,399 | 27,070,872 |
| Financial assets at fair value through other comprehensive income, net (Note 9) | 58,000,000 | 58,000,000 |
| Investment in associates (Note 10) | 422,237,899 | 421,243,232 |
| Investment properties – net (Note 11) | 205,288,439 | 205,288,439 |
| Property and equipment - net (Note 12) | 601,642 | 635,260 |
| Intangible assets, net (Note 13) | 2,337,122 | 2,503,923 |
| Retirement benefit asset, net (Note 16) | 1,049,440 | 1,049,440 |
| Total non-current assets | 716,314,941 | 715,791,166 |
| Total assets | 1,306,766,140 | 1,302,357,173 |
| <u>LIABILITIES AND EQUITY</u> | | |
| Current liabilities | | |
| Accrued expenses and other current liabilities (Note 14) | 2,464,407 | 2,856,284 |
| Refundable deposits (Note 11) | 231,199 | 193,791 |
| Income tax payable | 198,243 | 69,627 |
| Total current liabilities | 2,893,849 | 3,119,702 |
| Noncurrent liabilities | | |
| Deferred tax liability | 1,394,114 | 1,407,638 |
| Advance rental and deposits – net of current portion (Note 11) | 598,854 | 598,854 |
| Total noncurrent liabilities | 1,992,968 | 2,006,492 |
| Total liabilities | 4,886,817 | 5,126,194 |
| Equity | | |
| Share capital (Note 17) | 73,173,500 | 73,173,500 |
| Share premium | 73,203,734 | 73,203,734 |
| Retained earnings (Note 18) | 764,480,403 | 761,412,125 |
| Investment revaluation reserve (Note 9) | 57,422,057 | 57,422,057 |
| Remeasurements on retirement benefits (Note 16) | 2,809,365 | 2,809,365 |
| Treasury shares (Note 18) | (26,004,530) | (26,004,530) |
| Attributable to equity holders of the Parent | 945,084,529 | 942,016,251 |
| Non-controlling interests | 356,794,794 | 355,214,728 |
| Total equity | 1,301,879,323 | 1,297,230,979 |
| Total liabilities and equity | 1,306,766,140 | 1,302,357,173 |

See accompanying Notes to Consolidated Financial Statements

KEPPEL PHILIPPINES HOLDINGS, INC. AND SUBSIDIARIES

**CONSOLIDATED STATEMENTS OF INCOME
FOR THE PERIODS ENDED MARCH 31, 2023 AND 2022
(IN PHILIPPINE PESOS)
(UNAUDITED)**

| | March 31 2023 | March 31 2022 |
|--|------------------------------|---------------------------|
| Revenues and income | | |
| Interest income (Notes 6 and 7) | 7,239,875 | 2,437,733 |
| Rental income (Notes 11,15 and 20) | 3,194,604 | 2,782,954 |
| Equity in net earnings of associates (Note 10) | 994,667 | 2,392,297 |
| Management & accounting service fees (Note 15) | 354,000 | 519,000 |
| Payroll service fees (Note 15) | - | 802,923 |
| Others | 55,913 | 83,586 |
| Total revenues and income | 11,839,059 | 9,018,493 |
| Operating expenses (Note 19) | (5,615,466) | (6,828,363) |
| Income before income tax | 6,223,593 | 2,190,130 |
| Income tax expense | (1,575,249) | (305,960) |
| Net income for the period | 4,648,344 | 1,884,170 |
| Attributable to: | | |
| Equity holders of the parent | 3,068,278 | 63,414 |
| Non-controlling interests | 1,580,066 | 1,820,756 |
| | 4,648,344 | 1,884,170 |
| Earnings per share attributable to equity holders of the parent | | |
| | P0.054 | P0.001 |
| <i>Equity holders of the parent divided by</i> | | |
| <i>Number of shares outstanding as of end of the period</i> | <i>P3,068,278/57,233,419</i> | <i>P63,414/57,292,519</i> |

See accompanying Notes to Consolidated Financial Statements

KEPPEL PHILIPPINES HOLDINGS, INC. AND SUBSIDIARIES

**CONSOLIDATED STATEMENTS OF TOTAL COMPREHENSIVE INCOME
FOR THE PERIODS ENDED MARCH 31, 2023 AND 2022
(IN PHILIPPINE PESOS)
(UNAUDITED)**

| | March 31 2023 | March 31 2022 |
|---|--------------------------|--------------------------|
| Net income for the period | 4,648,344 | 1,884,170 |
| Other comprehensive income | | |
| Item that will not be reclassified to profit and loss: | | |
| Unrealized fair value gain on financial assets at fair value through other comprehensive income (Note 9) | - | 2,000,000 |
| Total comprehensive income for the period | 4,648,344 | 3,884,170 |
| Attributable to: | | |
| Equity holders of the parent | 3,068,278 | 2,063,414 |
| Non-controlling interest | 1,580,066 | 1,820,756 |
| | 4,648,344 | 3,884,170 |

See accompanying Notes to Consolidated Financial Statements

KEPPEL PHILIPPINES HOLDINGS, INC. AND SUBSIDIARIES

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE PERIODS ENDED MARCH 31, 2023 AND 2022
(UNAUDITED)
IN PHILIPPINE PESOS**

| | Attributable to equity holders of the Parent | | | | | | | Non- controlling interests <i>(Note 2)</i> | Total equity |
|--------------------------------------|--|-------------------|--|---|--|--|--------------------|---|----------------------|
| | Share capital <i>(Note 17)</i> | Share premium | Retained earnings <i>(Note 18)</i> | Investment revaluation reserve <i>(Note 9)</i> | Remeasurements on retirement benefit asset <i>(Note 16)</i> | Treasury shares <i>(Note 18)</i> | Total | | |
| Balance as of January 1, 2023 | 73,173,500 | 73,203,734 | 761,412,125 | 57,422,057 | 2,809,365 | (26,004,530) | 942,016,251 | 355,214,728 | 1,297,230,979 |
| Comprehensive income | | | | | | | | | |
| Net income for the period | - | - | 3,068,278 | - | - | - | 3,068,278 | 1,580,066 | 4,648,344 |
| Other comprehensive income | - | - | - | - | - | - | - | - | - |
| Total comprehensive income | - | - | 3,068,278 | - | - | - | 3,068,278 | 1,580,066 | 4,648,344 |
| Transaction with the owners | | | | | | | | | |
| Purchase of treasury shares | - | - | - | - | - | - | - | - | - |
| Cash dividend declared | - | - | - | - | - | - | - | - | - |
| Balance as of March 31, 2023 | 73,173,500 | 73,203,734 | 764,480,403 | 57,422,057 | 2,809,365 | (26,004,530) | 945,084,529 | 356,794,794 | 1,301,879,323 |
| | | | | | | | | | |
| Balance as of January 1, 2022 | 73,173,500 | 73,203,734 | 762,610,375 | 43,422,057 | 1,099,460 | (25,280,999) | 928,228,127 | 357,382,386 | 1,285,610,513 |
| Comprehensive income | | | | | | | | | |
| Net income for the period | - | - | 63,414 | - | - | - | 63,414 | 1,820,756 | 1,884,170 |
| Other comprehensive income | - | - | - | 2,000,000 | - | - | 2,000,000 | - | 2,000,000 |
| Total comprehensive income | - | - | 63,414 | 2,000,000 | - | - | 2,063,414 | 1,820,756 | 3,884,170 |
| Transaction with the owners | | | | | | | | | |
| Purchase of treasury shares | - | - | - | - | - | (312,088) | (312,088) | - | - |
| Cash dividend declared | - | - | - | - | - | - | - | (245,000) | (245,000) |
| Balance as of March 31, 2022 | 73,173,500 | 73,203,734 | 762,673,789 | 45,422,057 | 1,099,460 | (25,593,087) | 929,979,453 | 358,958,142 | 1,288,937,595 |

See Accompanying Notes to Consolidated Financial Statements

KEPPEL PHILIPPINES HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE PERIODS ENDED MARCH 31, 2023 AND 2022
(IN PHILIPPINE PESOS)
(UNAUDITED)

| | March 31 2023 | March 31 2022 |
|--|--------------------|----------------------|
| Cash flows from operating activities | | |
| Income before income tax expense | 6,223,593 | 2,190,130 |
| Adjustments for: | | |
| Retirement benefit expense | 350,000 | 69,000 |
| Depreciation and amortization (Notes 11, 12, 13 and 19) | 200,419 | 390,506 |
| Provision for (reversal of) impairment losses – net (Note 8) | (267,366) | 289,749 |
| Equity in net earnings of associates (Note 10) | (994,667) | (2,392,297) |
| Interest income (Notes 6, 7 and 15) | (7,239,875) | (2,437,733) |
| Operating loss before changes in assets and liabilities | (1,727,896) | (1,890,645) |
| Changes in assets and liabilities | | |
| Receivables (Notes 7, 15, and 21) | (1,577,455) | 757,159 |
| Other assets (Note 8) | (2,955,415) | (4,014,559) |
| Accounts payable and other current liabilities | (741,876) | 303,687 |
| Refundable deposits | 37,407 | - |
| Net cash absorbed by operations | (6,965,235) | (4,844,358) |
| Interest received from cash and cash equivalent | 7,081,212 | 528,794 |
| Income tax paid | (1,460,157) | (88,483) |
| Net cash used in operating activities | (1,344,180) | (4,404,047) |
| Cash flows from investing activities | | |
| Principal collection of loans to a related party | - | 3,000,000 |
| Interest received from loans to related parties | - | 1,933,951 |
| Loan provided to a related party | - | (100,000,000) |
| Net cash provided by investing activities | - | (95,066,049) |
| Cash flows from financing activities | | |
| Cash dividend declared and paid | - | (245,000) |
| Purchase of treasury shares | - | (312,088) |
| Net cash used in financing activities | - | (557,088) |
| Net decrease in cash and cash equivalents | (1,344,180) | (100,027,184) |
| Cash and cash equivalents at the beginning of the period | 583,003,831 | 341,097,008 |
| Cash and cash equivalents at the end of the period (Note 6) | 581,659,651 | 241,069,824 |

See accompanying Notes to Consolidated Financial Statements

KEPPEL PHILIPPINES HOLDINGS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(in Philippine Pesos)

1. General Information

Keppel Philippines Holdings, Inc. (KPHI or the Parent Company) and its subsidiaries, KPSI Property, Inc. (KPSI) and Goodwealth Realty Development Corporation (GRDC), including GRDC’s subsidiary, Goodsoil Marine Realty, Inc. (GMRI) (collectively referred to as “the Group”), are incorporated in the Philippines.

The Parent Company was registered with the Philippine Securities and Exchange Commission (SEC) on July 24, 1975 with registered office address is Unit 3-B Country Space 1 Building, 133 Sen. Gil Puyat Avenue, Salcedo Village, Barangay Bel-Air, Makati City. The Parent Company is involved in investment holding while the subsidiaries are in the real estate industry.

In 1987, the Parent Company became a publicly listed entity through initial public offering (IPO) of its shares. There was no follow on offering after the IPO. The Parent Company’s shares are publicly traded in the Philippine Stock Exchange (PSE).

As of March 31, 2023 and December 31, 2022, the top three (3) shareholders are the following:

| | Percentage of Ownership |
|----------------------------------|-------------------------|
| Kepwealth, Inc. | 53.4% |
| Keppel Corporation Limited (KCL) | 29.5% |
| Public | 17.1% |

As at March 31, 2023 and December 31, 2022, the following are the Parent Company’s subsidiaries are as follows:

| | Percentage of Ownership |
|------|-------------------------|
| KPSI | 100% |
| GRDC | 51% |
| GMRI | 51% |

GRDC is 44% owned by Keppel Philippines Marine, Inc. Retirement Plan (KPMIRP) and 5% by Keppel Philippines Marine, Inc. (KPMI). GRDC owns 93.7% of GMRI, thus, KPHI has 51% effective ownership on GMRI, including its 3.2% separate interest in GMRI.

GMRI has 25% shareholdings with Consort Land, Inc. (CLI), providing KPHI a 13% indirect ownership in CLI.

The ultimate parent company of the Group is KCL, a company incorporated in Singapore and listed in Singapore Exchange.

The Parent Company has four (4) and six (6) regular employees as at March 31, 2023 and December 31, 2022. The administrative functions of the subsidiaries are handled by the Parent Company’s management.

As of March 31, 2023 and December 31, 2022, the Parent Company has 236 and 238 shareholders respectively, each owning at least 100 shares.

Impact of Coronavirus Disease 2019(COVID-19)

Subsequent to the outbreak of 2019 (“COVID-19”) since the first quarter of 2020, a series of measures to curb the pandemic have been and continues to be implemented in the Philippines. As a result of the implementation of the community quarantine, the Group has extended lease concessions to its related party lessees from March 15, 2020 to June 30, 2021 (Note 15). Management continues to implement measures to mitigate and reduce any negative impact to its profitability or any other economic effects on its business. Measures have likewise been undertaken to preserve the health and safety of its employees and other stakeholders.

Management is closely monitoring the status of the pandemic and its related impact on its business operations. Based on the results of management assessment, the Group believes that COVID-19 has no significant impact on the Group’s liquidity ratios, impairment of the Group’s assets and ability of the entities in the Group to continue to operate as going concern within the year.

2. Basis of Preparation and Statement of Compliance

Basis of Preparation

The unaudited consolidated financial statements of the Group have been prepared in accordance with Philippine Financial Reporting Standards (PFRS). The term PFRS in general includes all applicable PFRS, Philippine Accounting Standards (PAS), and interpretation of the Philippine Interpretations Committee (PIC), Standing Interpretations Committee (SIC) and International Financial Reporting Interpretations Committee (IFRIC) which have been approved by the Financial Reporting Standards Council (FRSC) and adopted by the SEC.

The unaudited consolidated financial statements have been prepared on a historical cost basis, except for financial asset at FVOCI and fair value plan assets within retirement liability, net.

The preparation of the unaudited consolidated financial statements in conformity with PFRS requires the use of certain critical accounting estimates and assumptions. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement and complexity, or areas where estimates and assumptions are significant to the consolidated financial statements are disclosed in Note 5.

Basis of Consolidation

The unaudited consolidated financial statements comprise the separate financial statements of the Parent Company and its subsidiaries. The Group uses uniform accounting policies; any difference between subsidiaries and Parent Company are adjusted properly.

All intra-group balances, transactions and unrealized gains and losses resulting from intra-group transactions are eliminated in full.

Assessment of Control

The Group controls an investee if and only if the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee),
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns.

When the Group has 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:

- The contractual arrangement with the other vote holders of the investee
- Rights assessing from other contractual arrangements
- The Group's voting rights and potential voting rights.

The Parent Company re-assesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Non-controlling interests (NCI) pertain to the equity in a subsidiary not attributable, directly, or indirectly to the Parent Company. NCI represent the portion of profit or loss and the net assets not held by the Group and are presented separately in the consolidated statements of income and consolidated statement of comprehensive income and within equity in the consolidated statement of financial position and consolidated statement of changes in equity.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the Parent Company and to the NCI, even if it results in the NCI having a deficit balance.

Acquisitions of NCI are accounted for using the acquisition method, whereby the Group considers the acquisition of NCI as an equity transaction. Any premium or discount on subsequent purchases from NCI shareholders is recognized directly in equity and attributed to the owners of the parent.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an acquisition. If the Group loses control over a subsidiary, it:

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary
- Derecognizes the carrying amount of any non-controlling interests
- Derecognizes the cumulative translation differences recorded in equity
- Recognizes the fair value of the consideration received
- Recognizes the fair value of any investment retained
- Recognizes any surplus or deficit in profit and loss

- Reclassifies the Parent Company's share of components previously recognized in other comprehensive income to profit of loss or retained earnings, an appropriate as would be required if the Group had directly disposed of the related assets and liabilities

As of March 31, 2023 and December 31, 2022, NCI pertains to 44% and 5% ownership in GRDC of KPMIRP and KPMI, respectively.

The financial information (before the intercompany eliminations) of GRDC and its wholly owned subsidiary, GMRI, and NCI (after intercompany eliminations) as at March 31, 2023 and for the year ended December 31, 2022 are as follows:

| | March 31, 2023 (Unaudited) | | | December 31, 2022 (Audited) | | |
|--|----------------------------|--------------------|--------------------|-----------------------------|--------------------|--------------------|
| | GRDC | GMRI | Total | GRDC | GMRI | Total |
| Current assets | 801,115 | 70,690,198 | 71,491,313 | 773,911 | 67,981,361 | 68,755,272 |
| Noncurrent assets | 3,245,288 | 567,660,018 | 570,905,306 | 3,246,370 | 567,997,060 | 571,243,430 |
| Total assets | 4,046,403 | 638,350,216 | 642,396,619 | 4,020,281 | 635,978,421 | 639,998,702 |
| Current liabilities | 79,929 | 818,009 | 897,938 | 85,713 | 315,806 | 401,519 |
| Noncurrent liabilities | - | 1,394,114 | 1,394,114 | - | 1,407,638 | 1,407,638 |
| Total liabilities | 79,929 | 2,212,123 | 2,292,052 | 85,713 | 1,723,444 | 1,809,157 |
| Revenue and income | 78,157 | 3,413,970 | 3,492,127 | 547,203 | 19,176,733 | 19,723,936 |
| Income before income tax | 39,882 | 2,155,267 | 2,195,149 | 415,460 | 13,497,204 | 13,912,664 |
| Net income and total comprehensive income | 31,906 | 1,883,114 | 1,915,020 | 391,633 | 12,665,307 | 12,665,307 |
| Cash flows from: | | | | | | |
| Operating activities | (21,827) | (1,597,324) | (1,619,151) | 133,805 | 6,211,743 | 6,345,548 |
| Investing activities | - | - | - | 296,325 | 48,412,564 | 48,708,889 |
| Financing activities | - | - | - | (500,000) | (20,000,000) | (20,500,000) |
| Net increase (decrease) in cash and cash equivalents | (21,827) | (1,597,324) | (1,619,151) | (69,870) | 34,624,307 | 34,554,437 |
| Accumulated balance of material NCI | 2,043,431 | 354,751,363 | 356,794,794 | 2,027,797 | 353,186,931 | 355,214,728 |
| Net income and total comprehensive income attributable to material NCI | 15,634 | 1,564,432 | 1,580,066 | 46,760 | 7,685,391 | 7,732,151 |

Accumulated balance of material NCI, and net income and total comprehensive income attributable to material NCI as at March 31, 2022 are P359.0 million and P1.8 million. There are no significant restrictions on the Group's ability to use assets or settle liabilities within the Group. There is no difference on the voting rights of non-controlling interests as compared to majority stockholders.

3. Summary of Changes in Significant Accounting Policies and Disclosures

There are no new standards, amendments to existing standards, and interpretations that are effective for the annual periods as at January 1, 2023, which would have a significant impact or are considered relevant to the Group's consolidated financial statements

4. Significant Accounting Policies

The Group's disclosures on significant accounting principles and policies and practices are substantially the same with the disclosures made in December 31, 2022 audited financial statements and for the period ended March 31, 2023. Any additional disclosures on the significant changes of accounts and subsequent events are disclosed in the succeeding notes and presented in the Management Discussion and Analysis.

5. Significant Accounting Judgment, Estimates and Assumptions

The Group's unaudited consolidated financial statements prepared under PFRS require management to make judgments and estimates that affect amounts reported in the consolidated financial statements and related notes. Future events may occur which will cause the judgment and assumptions used in arriving at the estimates to change. The effects of any change in judgments and estimates are reflected in the consolidated financial statements as they become reasonably determinable.

Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

As of March 31, 2023, there were no judgment, seasonal or cyclical aspects that materially affect the operation of the Group, no substantial nature and amount of changes in estimates of amounts reported in prior interim periods of the current financial year or changes in the estimates of amounts reported in

December 31, 2022 audited financial statements, and no unusual items that materially affect the Group's assets, liabilities, equity, net income or cash flows.

6. Cash and Cash Equivalents

This account consists of:

| | Unaudited March 31 2023 | Audited December 31 2022 |
|------------------|--|---|
| Cash in banks | 6,359,990 | 11,049,504 |
| Cash equivalents | 575,299,661 | 571,954,327 |
| | 581,659,651 | 583,003,831 |

Cash in banks earn interest at the prevailing bank deposit rates. Cash equivalents are short-term investments which are placed in financial institutions for varying periods of up to six (6) months depending on the immediate cash requirements of the Group and earned interest at annual interest that ranged from 5% to 5.75% during the first quarter of 2023 and 0.5% to 1.3% in 2022.

Interest income earned from cash and cash equivalents amounted to P7.2 million for the period ended March 31, 2023 compared to P0.4 million during the same period last year. Accrued interest receivable from cash and cash equivalents amounted to P1.8 million in March 31, 2023 compared to P1.6 million as of December 31, 2022.

7. Receivables - Net

This account consists of:

| | Unaudited March 31 2023 | Audited December 31 2022 |
|---|--|---|
| Lease receivables (Note 15) | 29,263,403 | 28,152,763 |
| Interest receivable (Note 6) | 1,803,759 | 1,645,096 |
| Due from affiliates | 22,400 | - |
| Others - sundry | 444,415 | - |
| | 31,533,977 | 29,727,859 |
| Less non-current portion of lease receivables (Note 15) | (26,800,399) | (27,070,872) |
| | 4,733,578 | 2,726,987 |

There is no allowance for impairment related to lease receivables from third parties, non-trade and other receivables as of March 31, 2023 and December 31, 2022.

Current portion of lease receivables and due from related parties are non-interest bearing and are generally 30 to 60-day terms. The noncurrent portion of lease receivables pertains to the difference between straight line method and contractual annual rents. These amounts are expected to reverse more than one (1) year from financial reporting date.

Interest receivable represents the Group's accrued interest on cash and cash equivalents.

Other receivables are due from advances to sundry debtors and are generally 30 to 60-day terms.

8. Other Current Assets – Net

This account consists of:

| | Unaudited March 31 2023 | Audited December 31 2022 |
|------------------------------------|--|---|
| Prepaid expenses | 3,355,844 | 411,245 |
| Creditable withholding taxes (CWT) | 3,278,600 | 3,226,557 |
| Input value-added tax (VAT) | 382,694 | 592,356 |
| Advances to employees | 195,435 | - |
| Deposits | 192,340 | 192,340 |
| Others | - | 27,000 |
| | 7,404,913 | 4,449,498 |
| Less allowance for impairment loss | (3,346,943) | (3,614,309) |
| | 4,057,970 | 835,189 |

Movements in the provision for impairment related to Input VAT and CWT as follows:

| Unaudited March 31, 2023 | Input VAT | CWT | Total |
|--|------------------|------------|--------------|
| Balance at the beginning of the period | 592,356 | 3,021,953 | 3,614,309 |
| Provision for the period | - | 47,572 | 47,572 |
| Recovery of provision | (314,938) | - | (314,938) |
| Net provision (recovery) | (314,938) | 47,572 | (267,366) |
| Balance at the end of the period | 277,418 | 3,069,525 | 3,346,943 |

| Audited December 31, 2022 | Input VAT | CWT | Total |
|--|------------------|------------|--------------|
| Balance at the beginning of the period | 489,600 | 1,400,974 | 1,890,574 |
| Provision for the year | 102,756 | 1,620,979 | 1,723,735 |
| Recovery of provision | - | - | - |
| Net provision (recovery) | 102,756 | 1,620,979 | 1,723,735 |
| Balance at the end of the period | 592,356 | 3,021,953 | 3,614,309 |

9. Financial Assets through Other Comprehensive Income

Details and movement of financial asset at FVOCI as at and for the end of the period:

| | Unaudited March 31 2023 | Audited December 31 2022 |
|----------------------------------|--|---|
| Original cost | 316,004 | 316,004 |
| Accumulated revaluation | | |
| Beginning | 57,683,996 | 43,683,996 |
| Unrealized fair value gain | - | 14,000,000 |
| End | 57,683,996 | 57,683,996 |
| Balance at the end of the period | 58,000,000 | 58,000,000 |

The movement of investment revaluation reserve for the period is as follows:

| | Unaudited March 31 2023 | Audited December 31 2022 |
|--|--|---|
| Balance at the beginning of the period | 57,422,057 | 43,422,057 |
| Fair value gain | - | 15,000,000 |
| Balance at the end of the period | 57,422,057 | 57,422,057 |

This account pertains to proprietary golf club share that provides the Group with opportunities for return of capital gains. This share does not have fixed maturity or coupon rate and the movement is based on quoted market prices or executable dealer quotes for identical or similar instruments in inactive markets.

10. Investment in Associates – at Equity

This account consists of:

| | Unaudited March 31 2023 | Audited December 31 2022 |
|-------------------------------------|--|---|
| Investment in associate - CLI | 337,596,800 | 337,596,800 |
| Accumulated share in net income: | | |
| Balance at beginning of the period | 83,646,432 | 80,627,147 |
| Equity in net earnings of associate | 994,667 | 10,005,764 |
| Cash dividend received | - | (6,986,479) |
| Balance at end of the period | 84,641,099 | 83,646,432 |
| | 422,237,899 | 421,243,232 |

This account consists of GMRI's 25% investment or 17,466,196 shares out of 70,000,000 shares in CLI, a company incorporated in the Philippines. CLI is involved in property leasing and power distribution located at Cabangaan Point, Cawag, Subic, Zambales.

The Group has a Share Purchase Agreement with KPMI for the transfer of 2,950,000 shares dated September 6, 2012. In March 2021, the Bureau of Internal Revenue issued the Certificate Authorizing

Registration (CAR) for the transfer of said shares. With the issuance of CAR, this gives GMRI an ownership interest of 25% in CLI.

CLI's financial information for the periods ended March 31, 2023 and December 31, 2022 follows:

| | Unaudited March 31 2023 | Audited December 31 2022 |
|---|--|--------------------------------|
| Current assets | 96,225,271 | 71,593,545 |
| Noncurrent assets | 262,898,560 | 263,531,898 |
| Current liabilities | 42,305,183 | 22,285,465 |
| Non-current liabilities | 2,107,406 | 2,107,406 |
| Net assets | 314,711,242 | 310,732,572 |
| Revenue | 47,464,668 | 172,205,012 |
| Income before income tax | 5,056,273 | 43,108,057 |
| Net income and total comprehensive income | 3,978,669 | 40,023,055 |

The Group share in the net assets of CLI amounted to P78.5 million as at March 31, 2023 (December 31, 2022 –P77.5 million).

The non-current assets of CLI represent prime lots held for appreciation, which are carried at cost. The fair value of the property is P3.0 billion as at December 31, 2022 (2021 – P2.5 billion) based on the latest valuation report of an independent appraiser.

The difference between the Group's share in net asset of CLI and carrying amount of its investment an associate is attributable to the price premium from fair values of land holdings of CLI.

There are no significant restrictions on the ability of the associate to transfer funds to the Group in the form of cash dividends or to repay any loans and advances made by the Group. There are no contingent liabilities relating to the Group's investment in associate.

11. Investment Properties - Net

This account consists of:

| Unaudited March 31, 2023 and Audited December 31, 2022 | | | |
|---|--------------------|------------------------------|--------------------|
| | Land | Condominium Units | Total |
| Cost | 205,288,439 | 3,689,178 | 208,977,617 |
| Accumulated depreciation | – | 3,689,178 | 3,689,178 |
| Net book values | 205,288,439 | – | 205,288,439 |

Investment properties represent the parcel of lands situated in Batangas City and condominium units in Makati City which are held for lease.

Based on an appraisal made by an independent appraiser, the investment properties have an aggregate fair value of P1.3 billion as at December 31, 2021. The Parent Company's share at the aggregate fair value is P682 million. The market approach was used in determining the fair value which considers the sales of similar or substitute properties and related market data and establishes a value estimate by processes involving comparison. The management believes that the fair value as at December 31, 2022 has not significantly changed from the last valuation date.

The appraiser determined that the highest and best use of the subject properties are those of industrial uses, commercial and residential properties, which are aligned with the current use. The fair value of the investment properties is categorized at Level 3 which used adjusted inputs for valuation that are unobservable as at the date of valuation. The inputs used were asking prices of similar listings and offerings, discounts, and physical adjustments (such as location, neighborhood, size and development). Significant increases or decreases in the inputs would result in higher or lower fair value of the asset. None of the properties are impaired.

Group as lessor

The Group leases out a parcel of land used as a shipyard site in San Miguel, Bauan, Batangas to KPMI. The agreement is for a period of 50 years beginning 1993. The annual rental on the leased property is originally subject to 5% escalation after every five (5) years. In May 2007, the agreement was amended revising the annual lease rate and escalation rate to 1.50% escalation after every five (5) years.

Aside from the aforementioned lease, the Group leases out its investment properties to third party and related party customers for periods ranging from one (1) month to three (3) years with option to renew for another one (1) month to three (3) years under such terms and conditions as may be mutually agreed upon by the parties to the contracts. As of March 2022, there were no leases to third party.

Rental income attributable to the investment properties for the period ended March 31, 2023 and 2022 consists of the following:

| | Unaudited March 31 2023 | Unaudited March 31 2022 |
|-----------------|--|-------------------------------|
| Related parties | 1,965,118 | 2,782,954 |
| Third parties | 1,229,486 | - |
| | 3,194,604 | 2,782,954 |

As of March 1, 2023, due to KCL's sale of KPMI to an external party, KPMI and KPHI are no longer related parties.

The operating expenses directly attributable to the investment properties pertaining to real estate taxes amounted to P1.0 million as of March 31, 2023 (2022 – P1.0 million).

The outstanding balances of lease receivables from related parties as at March 31, 2023 and December 21, 2022 represent lease differential in the computation of rent income using straight-line method.

Advance rentals as at March 31, 2023 and December 31, 2022 are as follows:

| | Unaudited March 31 2023 | Audited December 31 2022 |
|-----------------------|--|--------------------------------|
| Third parties | 430,817 | 299,427 |
| Related parties | 35,000 | 128,982 |
| | 465,817 | 428,409 |
| Less: Current portion | 166,390 | 128,982 |
| Non-current portion | 299,427 | 299,427 |

Refundable deposits as at March 31, 2023 and December 31, 2022 are as follows:

| | Unaudited March 31 2023 | Audited December 31 2022 |
|-----------------------|--|--------------------------------|
| Third parties | 530,626 | 399,236 |
| Related parties | - | 93,982 |
| | 530,626 | 493,218 |
| Less: Current portion | 231,199 | 193,791 |
| Non-current portion | 299,427 | 299,427 |

12. Property and Equipment - Net

This account consists of:

| | Unaudited March 31, 2023 | | | |
|---------------------------|---------------------------------|---|-------------------------------------|------------------|
| | Commercial Building | Office machine, furniture and fixtures | Transportation Equipment | Total |
| Cost: | | | | |
| January 1 & March 31 | 5,397,020 | 1,399,986 | 776,186 | 7,573,192 |
| Accumulated depreciation: | | | | |
| January 1 | 5,397,020 | 764,726 | 776,186 | 6,937,932 |
| Depreciation | - | 33,618 | - | 33,618 |
| March 31 | 5,397,020 | 798,344 | 776,186 | 6,971,550 |
| Net Book Value | - | 601,642 | - | 601,642 |

Audited December 31, 2022

| | Commercial Building | Office machine, furniture and fixtures | Transportation Equipment | Total |
|---------------------------|------------------------|--|-----------------------------|-------------|
| Cost: | | | | |
| January 1 | 5,397,020 | 2,693,736 | 776,186 | 8,427,365 |
| Additions | - | 206,250 | - | 206,250 |
| Disposal | - | (1,500,000) | - | (1,500,000) |
| December 31 | 5,397,020 | 1,399,986 | 776,186 | 7,573,192 |
| Accumulated depreciation: | | | | |
| January 1 | 5,397,020 | 913,310 | 776,186 | 7,086,516 |
| Depreciation | - | 369,273 | - | 369,273 |
| Disposal | - | (517,857) | - | (517,857) |
| December 31 | 5,397,020 | 764,726 | 776,186 | 6,937,932 |
| Net Book Value | - | 635,260 | - | 635,260 |

The Group sold computer hardware with book values of P0.98 million to KPMI for a total amount of P1.03 million, resulting in net gain of P0.05 million in 2022.

Based on the results of management assessment, the Group believes that there was no objective evidence that indicators of impairment exist as at March 31, 2023 and December 31, 2022.

13. Intangible Assets – Net

This account pertains to computer software programs.

| | Unaudited March 31 2023 | Audited December 31 2022 |
|---------------------------------------|-------------------------------|--------------------------------|
| Cost: | | |
| January 1 | 4,572,382 | 8,214,427 |
| Disposal | - | (3,642,045) |
| March 31 | 4,572,382 | 4,572,382 |
| Accumulated depreciation: | | |
| January 1, 2023 and December 31, 2022 | 2,068,459 | 2,371,195 |
| Depreciation | 166,801 | 1,126,630 |
| Disposal | - | (1,429,366) |
| | 2,235,260 | 2,068,459 |
| Net Book Value | 2,337,122 | 2,503,923 |

The Group sold computer software with book values of P2.2 million to KPMI for a total amount of P2.32 million, resulting in net gain of P0.1 million in 2022.

Based on the results of management assessment, the Group believes that there was no objective evidence that indicators of impairment exist as at March 31, 2023 and December 31, 2022.

14. Accrued Expenses and Other Current Liabilities

This account consists of:

| | Unaudited March 31 2023 | Audited December 31 2022 |
|--------------------------------|-------------------------------|--------------------------------|
| Accrued expenses | 1,362,507 | 1,066,876 |
| Payable to government agencies | 214,237 | 792,404 |
| Advance rentals | 166,390 | 128,982 |
| Unearned interest income | - | 146,482 |
| Others | 721,273 | 721,560 |
| | 2,464,407 | 2,856,284 |

Accrued expenses pertain to accrued professional fees, audit fee, directors' fees, fringe, membership dues, taxes and licenses, and other expenses.

Payable to government agencies pertains to output VAT and withholding taxes.

Advance rentals from related parties and third-party customers are applied against rent due at the end of the lease term.

Other accounts payable pertains to unclaimed monies or dividends by stockholders.

15. Related Party Transactions

In the normal course of business, the Group transacts with companies which are considered related parties. Significant related transactions and balances as of March 31, 2023 and December 31, 2022 follow:

| Related Party | Notes | As of March 31, 2023 | | As of December 31, 2022 | | Terms and conditions |
|---|-------|--|----------------------------------|-------------------------|----------------------------------|---|
| | | Transactions (1 st quarter) | Outstanding receivable (payable) | Transactions (annual) | Outstanding receivable (payable) | |
| Entities under common control | | | | | | |
| Leases – | | | | | | |
| Rental Income (a) | | | | | | |
| KPMI | | 1,860,118 | 29,930,478 | 10,711,815 | 28,152,763 | The outstanding balance is collectible in cash, within first five (5) days of each month, non-interest bearing and unsecured. |
| Keppel IVI Investments, Inc. (KIVI) | | 75,000 | - | 300,000 | - | |
| Keppel Energy and Consultancy Inc. (KECI) | | 30,000 | 33,600 | 120,000 | - | |
| | 7,11 | 1,965,118 | 29,964,078 | 11,131,815 | 28,152,763 | |
| Advance rentals | | | | | | |
| KPMI | | (37,408) | (131,390) | - | (93,982) | The outstanding balance is to be applied on the last monthly rental at the end of the lease term, is non-interest bearing and unsecured. |
| KIVI | | - | (25,000) | - | (25,000) | |
| KECI | | - | (10,000) | - | (10,000) | |
| | 11 | (37,408) | (166,390) | - | (128,892) | |
| Refundable deposits - KPMI | 11 | (37,408) | (131,690) | - | (93,982) | Outstanding balance is payable in cash within 60 days from end of lease term, non-interest bearing and unsecured. |
| Various expenses and charges (b) | | | | | | |
| KPMI | | 1,400 | - | 221,859 | - | Outstanding balance is collectible in cash on demand, non-interest bearing and unsecured. |
| Keppel Enterprise Services Ltd. | | - | - | 377,035 | - | |
| Loans (c) | | | | | | |
| KPMI | | | | | | Outstanding balance is collectible in cash, with terms of 88 to 92 days subject for renewal, interest-bearing at 2.9% to 5% per annum in 2022 (2021 – 3.1% to 3.8%), and unsecured. |
| Principal | | - | - | (240,000,000) | - | |
| Interest | | - | - | 7,225,921 | - | |
| KSSI | | | | | | |
| Principal | | - | - | - | - | |
| Interest | | - | - | 2,865,294 | - | |
| Management & accounting services fees (d) | | | | | | |
| Bay Phils. Holdings Inc. | | 165,000 | - | 825,000 | - | |
| KECI | | 60,000 | 67,200 | 240,000 | - | |
| KIVI | | 45,000 | - | 180,000 | - | |
| Kepventure, Inc. | | 15,000 | - | 60,000 | - | |
| | | 285,000 | 67,200 | 1,305,000 | - | |
| Payroll service fees (e) | | | | | | |
| KSSI | | - | - | 1,806,659 | - | |
| KPMI | | - | - | 1,587,965 | - | |
| | | - | - | 3,394,624 | - | |
| Other income (f) | | | | | | |
| Director's fees - KPPI | | 50,000 | - | 230,000 | - | |
| Sale of fixed assets - KPMI | 12,13 | - | - | 3,354,562 | - | |
| Associates | | | | | | |
| Cash dividend received-CLI | 10 | - | - | 6,986,479 | - | |

| Shareholders of the Parent Company | | | | |
|---|--------|-----------|-----------|-----------|
| Cash dividend declared and paid | | | | |
| Kepwealth Inc. | - | - | 3,053,293 | |
| KCL | - | - | 1,689,409 | |
| Others | (287) | (721,273) | 981,140 | (721,560) |
| | (287) | (721,273) | 5,723,842 | (721,560) |
| <hr/> | | | | |
| Management fees – Kepwealth Inc. | 69,000 | | 276,000 | - |
| Various expenses and charges | | | | |
| Kepwealth, Inc. | - | - | 29,131 | - |
| KCL | - | - | 221,100 | - |
| <hr/> | | | | |
| Key management personnel (g) | | | | |
| Salaries and other short-term benefits | | 485,800 | - | 1,943,200 |
| Retirement benefit | 16 | 500,000 | (500,000) | 660,465 |
| Contribution to the fund | | - | - | - |

Outstanding balance is collectible in cash on pay-out date as approved by the related party's BOD, non-interest bearing and unsecured

The outstanding balance is payable every designated period per employee contracts, non-interest bearing and unsecured

The Group always observes and adheres with the related party transactions policy and all other relevant laws, rules, and regulations, as may be applicable, in the review, approval and disclosure of related party transactions. The members of the Audit, Risk and Compliance Committee and management disclose to the BOD all material facts related to the material related party transactions, whether potential or actual conflict of interest, including their direct and indirect interest in any transaction or matter that may affect or is affecting the Group. Materiality threshold of the Group is ten percent (10%) of the Group's total consolidated assets based on the latest audited financial statements. The material related party transactions are approved by two-thirds vote of the BOD with at least majority of the independent directors voting to approve. In case the majority of the independent directors' vote is not secured, the material related party transactions may be ratified by the vote of the shareholders representing at least two-thirds of the outstanding share capital of the Parent Company. As of March 1, 2023, due to KCL's sale of KPMI and KSSI to an external party, KPMI and KSSI are no longer considered related parties by KPHI.

Outstanding balances of transactions with related parties are unsecured and settlements are made in cash. As of this period, the Group has not made any provision for doubtful accounts relating to amounts owed by related parties because of the strong financial condition of the concerned entities. This assessment is undertaken each financial period through examining the financial position of the related party and the market in which the related party operates.

The following are the Group's significant transactions with related parties:

(a) *Leases*

The Group leases certain investments properties to related parties (Note 11). The Group granted lease concessions to KPMI which amounted to P2.7 million in 2021 which were netted to rental income. The Group did not grant lease concessions since 2022.

(b) *Advances for various expenses and charges*

The Group paid for various reimbursable expenses which are utilized in the normal operations of the related parties.

(c) *Loans*

The Group granted short-term, interest-bearing loans to KPMI and KSSI. The loans were fully paid in 2022. Movements in loans receivable for the periods ended are as follows:

| | Unaudited March 31 2023 | Audited December 31 2022 |
|-------------------|--|--------------------------------|
| Beginning | - | 240,000,000 |
| New loans granted | - | 100,000,000 |
| Collection | - | (340,000,000) |
| End | - | - |

(d) *Management and accounting services fees*

Since 2013, the Parent Company had management agreements with related companies for monthly management fees which are subject to change depending upon the extent and volume of services provided by the Parent Company. The services cover regular consultancy, handling of financial reporting, personnel and administration services and other government documentary requirements. The agreements are considered renewed every year thereafter, unless one (1) party gives the other a written termination at least three (3) months prior to the date of expiration.

In April 2021, the Parent Company signed an accounting services agreement with Bay Philippines Holdings Corp., an entity under common control, with monthly fee of P55,000 excluding out-of-pocket expenses. The services cover handling of financial reporting and government documentary requirements. The agreement is subject to automatic annual renewal until terminated by either party at any time by giving not less than 90 days written notice to the other party.

(e) *Payroll service fees*

In 2020, the Group entered into payroll service agreements with KSSI and KPMI for the use of the payroll system of the Group. The Group charges these parties at agreed service fees for the one-time and recurring charges incurred by the Group. These agreements are considered renewed every year thereafter and subject to mutual amendments or termination by the parties. The agreement was terminated effective November 2022.

(f) *Other income*

The Group entered into an agreement with KPMI to assist the latter in its bidding activities for select projects with the Group earning a 1% share in KPMI's revenues. There was no income earned in 2022 and as of March 31, 2023.

(g) *Key management personnel*

There was no share-based compensation, other long-term and termination benefits provided to key management personnel.

(h) *Elimination*

The following related party transactions and balances were eliminated for the purpose of preparing the consolidated financial statements:

| | Unaudited March 31 2023 | Audited December 31 2022 |
|---|--|--------------------------------|
| Investment in subsidiaries | 110,165,069 | 110,165,069 |
| Dividend income of Parent Company from subsidiaries | - | 10,703,867 |
| Dividend income of GRDC from GMRI | - | 296,325 |
| Management fees of Parent Company from subsidiary | 195,000 | 780,000 |

16. Retirement benefit plan

The Group has a funded, non-contributory defined benefit plan covering the retirement and disability benefits to its qualified employees and is being administered by a trustee bank. The normal retirement age is 60 years and optional retirement date is at age 50 and completion of at least fifteen (15) years of service. The retirement obligation is determined using the "Projected Unit Credit" (PUC) method. Under the PUC method, the annual normal cost for the portion of the retirement is determined using the amount necessary to provide for the portion of the retirement benefit accruing during the year.

The fair value of plan assets of the Group as at December 31, 2022 amounts to P8.8 million (2021 – P9.1 million). Payment of benefit as of 2021 amounted to P2.8 million from its original contribution of P10.6 million. Contribution to the plan in 2021 amounted to P0.3 million and nil in 2022.

The Group recognized provision for retirement benefit amounting P0.4 million for the period ending March 31, 2023 (2022 – P0.1 million).

Details of retirement benefit liability, net in the consolidated statements of financial position as at December 31, 2022 and 2021 are as follows:

| | 2022 | 2021 |
|---|--------------------|-------------|
| Fair value of plan assets | 8,830,923 | 9,052,516 |
| Present value of defined benefit obligation | (7,781,483) | (9,052,516) |
| | 1,049,440 | - |

Annual movements in remeasurements on retirement benefits as at and for the years ended December 31, 2022 and 2021 are as follows:

| | 2022 | 2021 |
|---|-----------|-----------|
| January 1 | 1,099,460 | (948,862) |
| Remeasurement gain | 1,709,905 | 2,048,322 |
| Tax effect | - | - |
| Remeasurement gain on retirement benefits, net of tax | 1,709,905 | 2,048,322 |
| December 31 | 2,809,365 | 1,099,460 |

17. Share capital

The Class “A” and Class “B” shares of stock are identical in all respects and have ₱1 par value, except that Class “A” shares are restricted in ownership to Philippine nationals. Class “B” shares are 18% and 82% owned by Philippine nationals and foreign nationals, respectively, as of March 31, 2023. Each share has right of one (1) vote. Authorized and issued shares as of March 31, 2023 and December 31, 2022 are as follows:

| | | |
|---------------------------|--|--------------------|
| Authorized – P1 par value | | |
| Class “A” | | 90,000,000 |
| Class “B” | | 200,000,000 |
| | | 290,000,000 |
| Issued | | |
| Class “A” | | 39,840,970 |
| Class “B” | | 33,332,530 |
| Share capital | | 73,173,500 |
| Share premium | | 73,203,734 |

Movements in the number of outstanding shares (issued) less treasury shares are as follows:

| | Unaudited March 31 2023 | Audited December 31 2022 | Unaudited March 31 2022 |
|-----------------------------|-------------------------------|--------------------------------|-------------------------------|
| Class “A” | | | |
| Beginning | 35,756,070 | 35,826,670 | 35,826,670 |
| Purchase of treasury shares | - | (70,600) | (49,400) |
| End | 35,756,070 | 35,756,070 | 35,777,270 |
| Class “B” | | | |
| Beginning | 21,476,949 | 21,515,749 | 21,515,749 |
| Purchase of treasury shares | - | (38,800) | (500) |
| End | 21,476,949 | 21,476,949 | 21,515,249 |
| Total outstanding shares | 57,233,019 | 57,233,019 | 57,292,519 |

Details of the Parent Company’s weighted average number of shares as follows:

| | Unaudited March 31 2023 | Audited December 31 2022 | Unaudited March 31 2022 |
|-----------|-------------------------------|--------------------------------|-------------------------------|
| Class “A” | 35,756,070 | 35,756,070 | 35,770,270 |
| Class “B” | 21,476,949 | 21,476,949 | 21,515,249 |
| | 57,233,019 | 57,233,019 | 57,292,519 |

In accordance with SRC Rule 68, as Amended (2019), Annex 68-K, below is a summary of the Parent Company’s track record of registration of securities as at March 31, 2023 and 2022:

| Common Shares | Number of Shares Registered | Issue/Offer Price | Date of Approval | Number of Holders of Securities |
|---------------|--------------------------------|----------------------|---------------------|------------------------------------|
| March 2023 | | | | |
| Class “A” | 35,770,270 | 1.00 | June 30, 2000 | 375 |
| Class “B” | 21,515,249 | 1.00 | June 30, 2000 | 55 |
| | 57,292,519 | | | |

| Common Shares | Number of Shares Registered | Issue/Offer Price | Date of Approval | Number of Holders of Securities |
|---------------|-----------------------------|-------------------|------------------|---------------------------------|
| March 2022 | | | | |
| Class "A" | 35,770,270 | 1.00 | June 30, 2000 | 377 |
| Class "B" | 21,515,249 | 1.00 | June 30, 2000 | 55 |
| | 57,292,519 | | | |

There are 417 and 419 total shareholders per record holding both Class "A" and "B" shares for the periods ending March 31, 2023 and 2022, respectively.

18. Retained Earnings; Treasury shares

Retained earnings amounted P764.5 million as at March 31, 2023 (December 31, 2022 – P761.4 million). The portion of retained earnings, corresponding to the undistributed equity in net earnings of the associates, is not available for distribution as dividends until declared by the associates.

Retained earnings are further restricted to the extent of treasury shares with the following details as of March 31, 2023 and 2022.

| | March 2023 | | March 2022 | |
|-----------|------------|------------|------------|------------|
| | Shares | Cost | Shares | Cost |
| Class "A" | 4,084,900 | 15,840,946 | 4,063,700 | 15,692,317 |
| Class "B" | 11,855,581 | 10,163,584 | 11,817,281 | 9,900,770 |
| | 15,940,481 | 26,004,530 | 15,880,981 | 25,593,087 |

The Group purchased additional 49,400 Class "A" and 500 Class "B" shares as of March 31, 2022 amounting to P0.3 million. There is no purchase of shares as of March 31, 2023.

There are no cash dividend declared and paid during the first quarter of 2023 and 2022.

19. Operating Expenses

This account consists of:

| | Unaudited March 31, 2023 | Unaudited March 31, 2022 |
|--|-----------------------------|-----------------------------|
| Salaries and benefits | 2,681,899 | 2,532,042 |
| Taxes and licenses | 1,121,554 | 1,289,329 |
| Professional fees | 1,088,858 | 1,026,600 |
| Depreciation and amortization | 200,419 | 390,506 |
| Commission | 199,618 | - |
| Utilities | 174,998 | 217,541 |
| Membership dues and subscriptions | 122,278 | 154,611 |
| Repairs and maintenance | 99,289 | 265,919 |
| Transportation and travel | 70,306 | 173,238 |
| Office supplies | 25,560 | 38,294 |
| Contractual services | - | 273,000 |
| Provision (recovery) for impairment losses-net | (267,366) | 289,749 |
| Others | 98,053 | 177,534 |
| | 5,615,466 | 6,828,363 |

Other expenses consist of fringe tax expense, insurance, postages, out-of-pocket charges, bank charges, business development expenses and various items that are individually immaterial.

20. Operating segments

For management reporting purposes, the Group's businesses are classified into the following business segments - (1) investment holding and (2) real estate. Details of the Group's business segments are as follows:

| Unaudited March 31, 2023 | | | | | |
|--|--------------------------------|--------------------|----------------------|----------------------|----------------------|
| | Investment Holdings | Real Estate | Combined | Eliminations | Consolidated |
| Revenues and income | | | | | |
| KPMI | - | 1,787,338 | 1,787,338 | - | 1,787,338 |
| External parties | - | 1,229,486 | 1,229,486 | - | 1,229,486 |
| Equity in net earnings of an associate | - | - | - | 994,667 | 994,667 |
| Other related parties | 549,000 | 177,780 | 726,780 | (195,000) | 531,780 |
| Interest income & others | 6,296,123 | 999,665 | 7,295,788 | - | 7,295,788 |
| Total revenues and income | 6,845,123 | 4,194,269 | 11,039,392 | 799,667 | 11,839,059 |
| Income before income tax | 2,490,299 | 4,727,961 | 7,218,260 | (994,667) | 6,223,593 |
| Income tax expense | (1,254,070) | (321,179) | (1,575,249) | - | (1,575,249) |
| Net Income | 1,236,229 | 4,406,782 | 5,643,011 | (994,667) | 4,648,344 |
| Other comprehensive income | - | - | - | - | - |
| Total comprehensive income | 1,236,229 | 4,406,782 | 5,643,011 | (994,667) | 4,648,344 |
| <i>Other Information</i> | | | | | |
| Segment assets | 672,929,520 | 744,001,689 | 1,416,931,209 | (110,165,069) | 1,306,766,140 |
| Segment liabilities | 2,919,231 | 2,863,932 | 5,783,163 | (896,346) | 4,886,817 |
| Depreciation & amortization | 110,001 | 99,419 | 200,419 | - | 200,419 |

| Audited December 31, 2022 | | | | | |
|--|--------------------------------|--------------------|----------------------|----------------------|----------------------|
| | Investment Holdings | Real Estate | Combined | Eliminations | Consolidated |
| Revenues and income | | | | | |
| KPMI | 7,250,351 | 12,485,350 | 19,735,701 | - | 19,735,701 |
| External customers | - | 99,809 | 99,809 | - | 99,809 |
| Equity in net earnings of an associate | - | - | - | 10,005,764 | 10,005,764 |
| Other related parties | 17,336,821 | 210,000 | 17,546,821 | (11,083,867) | 6,462,954 |
| Interest income from banks & others | 6,095,266 | 1,069,606 | 7,164,872 | - | 7,164,872 |
| Total revenues and income | 30,682,438 | 13,864,765 | 44,547,203 | (1,078,103) | 43,469,100 |
| Income before income tax | 8,053,411 | 16,685,213 | 24,738,624 | (10,303,867) | 14,434,757 |
| Income tax benefit (expense) | (1,279,141) | (897,873) | (2,177,014) | - | (2,177,014) |
| Net Income | 6,774,270 | 15,787,340 | 22,561,610 | (10,303,867) | 12,257,743 |
| Other comprehensive income | 15,709,905 | - | 15,709,905 | - | 15,709,905 |
| Total comprehensive income | 22,484,175 | 15,787,340 | 38,271,515 | (10,303,867) | 27,967,648 |
| <i>Other Information</i> | | | | | |
| Segment assets | 672,051,380 | 740,470,861 | 1,412,522,241 | (110,165,068) | 1,302,357,173 |
| Segment liabilities | 3,277,319 | 2,745,221 | 6,022,540 | (896,346) | 5,126,194 |
| Depreciation & amortization | 1,119,229 | 376,674 | 1,495,903 | - | 1,495,903 |

Segment assets and segment liabilities are measured in the same way as in the consolidated financial statements. These assets and liabilities are allocated based on the operations of the segment. Segment revenue, segment expenses and segment results include transfers between business segments. Those transfers are eliminated in consolidation.

All the Group's revenues are derived from operation within the Luzon, an island in the Philippines, hence, the Group did not present geographical information required by PFRS 8, *Operating Segments*.

Revenue from third party as of March 31, 2023 amounted to P1.2 million (March 2022 – nil) including revenue from KPMI for the month of March 2023 amounting to P0.9 million). Rental income from KPMI amounted to P2.8 million and P2.7 million for the periods ended March 31, 2023 and 2022, respectively (as external – P0.9 million and as related party – P1.9 million). Rental from KPMI comprises about 24% and 30% of the Group's revenue for the periods ended March 31, 2023 and 2022. KPMI is no longer a related company effective March 1, 2023.

21. Financial Risk Management Objectives and Capital Management

Financial Risk Management

The Group's activities expose it to a variety of financial risks: credit risk, interest rate risk, equity price risk, and liquidity risk that could affect its financial position and results of operations. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance. The BOD reviews and approves the policies for managing each of these risks.

(a) Credit risk

Credit risk pertains to the risk that a party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss. The Group transacts mostly with related parties, thus, there is no requirement for collateral. There are significant concentrations of credit risk within the Group.

Receivables are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. Significant concentration of credit risk pertains to loan receivables from a related company in 2022. The loan receivables from related parties were fully paid in 2022.

The table below shows the maximum exposure to credit risk of the financial assets of the Group:

| | Unaudited March 31 2023 | Audited December 31 2022 |
|-----------------------------|--|--------------------------------|
| <i>Cash and receivables</i> | | |
| Cash and cash equivalents | 581,659,651 | 583,003,831 |
| Receivables, at gross | 31,533,997 | 29,797,859 |
| | 613,193,628 | 612,801,690 |

The Group's financial assets are categorized based on the Group's collection experience with the counterparties as follows:

- a. High performing – settlements are obtained from counterparty following the terms of the contracts without history of default.
- b. Underperforming – some reminder follow-ups are performed to collect accounts from counterparty.
- c. Credit impaired – evidence that a financial asset is credit-impaired includes the following observable data: significant financial difficulty of the counterparty, a breach of contract such as a default or being more than 120 days past due; or it is probable that the borrower will enter bankruptcy or other financial reorganization.

The credit quality of financial assets is discussed below:

(i) *Cash and cash equivalents*

There is low credit risk exposure and immaterial expected credit losses (ECL) as these are deposited/placed in accredited universal banks as defined by the Philippine Banking System that have high credit standing in the financial services industry.

(ii) *Receivables*

Related parties

There is a low credit exposure and immaterial ECL on lease receivable, due from and refundable deposits from related parties since these accounts are considered high performing with no history of defaults. These accounts are classified as high performing. Additionally, credit risk is minimized since the related parties are paying on normal credit terms based on contracts. The Group does not hold any collateral as security for these receivables.

Third parties - Credit impaired

The credit quality of receivables that are neither past due nor impaired can be assessed as reference to historical information about counterparty default rates. The Group does not hold any collateral in relation to the receivables. None of the financial assets that are fully performing have been renegotiated in the last year or period.

(b) Interest rate risk

Interest rate risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of the changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term loan receivable with interest rate repriced on

periodic basis. Since the Group's long-term loan was granted to a related party, there is no requirement for collateral or guaranty. The Group has no long-term receivable with related parties.

(c) Equity Price Risk

Equity price risk is the risk that the fair values of the equities will decrease resulting from changes in the levels of equity indices and the value of the individual stocks. The Group's price risk exposure relates to its quoted equity investments where values will fluctuate due to changes in market prices. Such quoted equity investments are subject to price risk due to changes in market values arising from factors specific to the instruments or its issuer or factors specific to the instruments traded in the market.

(d) Liquidity Risk

Liquidity is the risk that the entity will encounter difficulty in raising funds to meet commitments associated with financial instruments. Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding. The Group's objective is to maintain a balance between continuity of funding and flexibility using cash and cash equivalents, and loans. The Group also monitors its risk to shortage of funds through monthly evaluation of the projected and actual cash flow information.

Capital Management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios to support its business and maximize shareholder value. The Group manages its capital structure and adjusts it, considering the changes in economic conditions.

The Group monitors capital using a debt-to-equity ratio, which is the total liabilities divided by total equity. Total liabilities include current and noncurrent liabilities. Equity comprises all components of equity.

The Group's objective is to ensure that there are no known events that may trigger direct or contingent financial obligation that is material to the Group, including default or acceleration of an obligation that will require increased capitalization.

The debt-to-equity ratios as of March 31, 2023 and December 31, 2022 are as follows:

| | Unaudited March 31 2023 | Audited December 31 2022 |
|----------------------|--|--------------------------------|
| Total liabilities | 4,886,817 | 5,126,194 |
| Total equity | 1,301,879,243 | 1,297,230,979 |
| Debt to equity ratio | 0.004:1 | 0.004:1 |

The Group is not exposed to externally imposed capital requirements and there were no changes in the Group's approach to capital management during the period.

Fair Value Estimation of Financial Assets

(a) Financial assets and liabilities at amortized cost

Due to the short-term nature of the Group's financial assets and liabilities at amortized costs, the fair values approximate their carrying amounts as at March 31, 2023 and December 31, 2022. Lease receivables are not subject to discounting; thus, the fair values approximate their carrying amounts as at March 31, 2023 and December 31, 2022.

(b) Financial assets at fair value through other comprehensive income

The fair value of quoted equity instruments is determined by reference to quoted market bid price at the close of business at the end of the reporting dates since this is actively traded in organized financial markets. As at March 31, 2023 and December 31, 2022, the Group classifies its financial asset as FVOCI under Level 2 of the fair value hierarchy and there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurement.

22. Financial Soundness - Key Performance Indicators

| | Unaudited March 31 2023 | Audited December 31 2022 |
|--|-------------------------------|--------------------------------|
| A. Current and liquidity ratios | | |
| 1. Current ratio - (Current assets/Current liabilities) | 204.04 | 188.02 |
| 2. Acid-test ratio or Quick ratio - (Monetary current assets/Current liabilities) | 202.63 | 187.75 |
| B. Solvency ratio | | |
| 1. Net income + depreciation/Total liabilities (annualized) | 3.97 | 2.68 |
| 2. Total assets/Total liabilities | 267.41 | 254.06 |
| C. Debt to equity ratio – (Total liabilities/Total equity) | 0.004 | 0.004 |
| D. Asset to equity ratio (Total assets/Total equity) | 1.00 | 1.00 |
| E. Debt ratio (Total liabilities/Total assets) | 0.004 | 0.004 |
| F. Interest rate coverage ratio (EBIT/Interest expense) | Nil | Nil |
| G. Profitability % (annualized) | | |
| 1. Return on assets (Net income/Total assets) | 1.42 | 0.94 |
| 2. Return on equity (Net income/Total equity) | 1.43 | 0.94 |
| 3. Net profit margin (Net income/revenue) | 39.26 | 28.20 |
| H. Earnings per share attributable to equity holders of the Parent (Annualized) - (₱) | 0.21 | 0.08 |
| I. Book value per share attributable to equity holders of the Parent (₱) | 16.51 | 16.46 |
| J. Price/Earnings ratio (Price per share/EPS (Annualized) (₱) | 27.08 | 80.44 |

23. Shares Market Price

| Stock Symbol | 31 March 2023 | | 31 December 2022 | |
|--------------|-------------------|--------------------|-------------------|--------------------|
| | Last Trading Date | Last Closing Price | Last Trading Date | Last Closing Price |
| KPH | 16 March 2023 | 5.21 | 10 July 2022 | 6.60 |
| KPHB | 29 March 2023 | 6.48 | 29 Sept 2022 | 6.16 |

Aging of Current Receivable as at March 31, 2023: In Philippine Pesos

| | Total | Current | 2-3 Mos | 4 - 6 Mos | 7 -12 Mos | More than 1 year |
|--------------------------------------|------------------|------------------|---------|-----------|-----------|---------------------|
| Lease receivables - current | 2,463,004 | 2,463,004 | - | - | - | - |
| Interest receivable | 1,803,759 | 1,803,759 | - | - | - | - |
| Due from related parties | 22,400 | 22,400 | - | - | - | - |
| Nontrade - receivables | 444,415 | 444,415 | - | - | - | - |
| Total | 4,733,578 | 4,733,578 | - | - | - | - |
| Less Allowance for doubtful accounts | - | - | - | - | - | - |
| Net Receivables | 4,733,578 | 4,733,578 | - | - | - | - |

EXHIBIT II

**MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS
OF OPERATIONS AND FINANCIAL CONDITION**

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

Results of Operations

The Group recorded a net income of P4.6 million for the first quarter ended March 31, 2023, P2.7 million or 146.7% higher than P1.9 million during the same period last year. The reasons for the changes in net income are discussed as follows:

Rental revenue for the quarter ending March 31, 2023 amounted to P3.2 million higher than P2.8 million in March 2022. The P0.4 million increase was due to new rental from external party of P0.3 million and increase in lease rental rate in KPMI by P0.1 million.

The Group earned interest income from short term deposits of P7.2 million as of March 31, 2023, P6.8 million higher than the interest earned from deposits of P0.4 million during the same period last year. The increase in interest earned from deposits was due to higher interest rates of 0.5% to 5.4% per annum during this period as against 0.3% to 0.5% per annum in March 2022. In addition, higher amounts of fixed deposits of P575.3 million as a result of the full repayment of loan of the related parties in November 2022 as against same period last year of P228.3 million contributed to the increase in interest income. In March 2022, interest income from loans to related party amounted to P2.0 million.

During the first quarter of the year, the Group recognized lower equity in net earnings of an associate of P1.0 million, P1.4 million lower than the same period last year of P2.4 million. The decrease in equity share was due to lower net income of P4.0 million as against the same period last year of P9.6 million recognized by the associate brought by the decrease in power sales distribution net profit by 27% due to increase in the distribution cost and increase in real property tax by 163%.

Management and accounting services fees charged to related parties amounted to P0.4 million for the period ended March 31, 2023 as against same period year of P0.5 million. The decrease was due to late booking of the 4th quarter 2021 accounting service fees from related company, Bay Philippines Holdings, Inc, a related company, booked in March 2022.

In February 2020, the Parent Company entered into a payroll service agreement with related companies with regards to the payroll system upgrade of KPMI, KSSI and the Parent Company. Payroll service fee earned by the Parent Company as of March 31, 2022 amounted to P0.8 million. The agreement was terminated in November 2022.

This quarter's operating expenses of P5.6 million is lower than last year of P6.8 million due to decrease in taxes and licenses, professional fees, depreciation and amortization, utilities, membership dues and subscriptions, repairs and maintenance, travel and transportation, office supplies, recovery of impairment loss on VAT booked in prior years and miscellaneous expense. This was offset against the increase in salaries and benefits, professional fees, and commission.

Financial Condition

The cash position of the Group as of March 31, 2023 amounted to P581.7 million, P1.3 million lower than the P583.0 million recorded as of December 31, 2022. The decrease of P1.3 million was due to the net cash used in operating activities.

Total receivables, both current and non-current amounted to P31.5 million and P29.8 million as of March 31, 2023 and December 31, 2022, respectively. The P1.7 million increase was due to unpaid lease receivables and higher accrued interest receivable from fixed deposits.

Other current assets as of this period increased to P4.1 million as against P0.8 million as of December 31, 2022. The P3.2 million increase was due to increase in prepayments of real property tax and business tax.

Financial assets at fair value through other comprehensive income was revalued at P58.0 million both for the periods ending March 31, 2023 and December 31, 2022.

Investments in associates as of March 31, 2023 and December 31, 2022 amounted to P422.2 million and P421.2 million, respectively. The P1.0 million increase was due mainly to the recognition of equity in net earnings of associate.

Total fixed and intangible assets as of March 31, 2023 that amounted to P208.2 million as against P208.4 million as of December 31, 2022 due to the depreciation and amortization during the first quarter of P0.2 million. There was no acquisition during the first quarter of 2023.

Total liabilities as of March 31, 2023 and December 31, 2022 amounted to P4.9 million and P5.1 million, respectively. The decrease of P0.2 million was due to realized unearned income from time deposits of P0.1 million and decrease of P0.4 million in payable to government agencies which were partially offset by higher accrual of expenses by P0.3 million.

The equity attributable to equity holders of the Parent Company as of March 31, 2023 amounted to P945.1 million as against last December 31, 2022 of P942.0 million. The increase was due to P3.1 million in net income. No dividend declared during the quarter.

Non-controlling interests as of March 31, 2023 amounted to P356.8 million as against last December 31, 2022 of P355.2 million. The increase was due to net income attributable to the noncontrolling interests of P1.6 million.

The book value per share attributable to equity holders of the parent (equity attributable to equity holders of the parent divided by common shares outstanding) at ₱16.51 as of March 31, 2023 as against December 31, 2022 of ₱16.46 per share.

Earnings per share attributable to the equity holders of the Parent (net earnings for the quarter divided by common shares outstanding) as shown in the consolidated statement of income is P0.05 and P0.001 as of the quarters ended March 31, 2023 and 2022.

Material Events and Uncertainties


In compliance to the government proclamations, memorandum, and guidelines and in order to mitigate the risk of spreading COVID-19 in the workplace, the Parent Company already has 100% of its workforce on-site. The Parent Company continues to be in close communication with its stakeholders during this period that includes, among others, its employees, lessees, borrowers, industry regulators, suppliers, and service providers. 100% of the Parent Company's personnel have received their primary and booster vaccination dose.

Notwithstanding the prevailing community quarantine level and the current COVID-19 situation in the Philippines, there are no known trends, commitments, events, or uncertainties that will have a material impact, whether favorable and unfavorable on the revenues or income from continuing operations of the Parent Company. There are also no off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the Parent Company with unconsolidated entities or other persons created during the year.


SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Issuer : **KEPPEL PHILIPPINES HOLDINGS, INC.**

Signature and Title : 

ALAN L. CLAVERIA
President



FELICIDAD V. RAZON
VP/Treasurer

Date : 12 May 2023

KEPPEL PHILIPPINES HOLDINGS, INC.

MINUTES OF THE ANNUAL MEETING OF THE STOCKHOLDERS

Held via Remote Communication (Webex Videoconferencing)

Keppel Meeting Room, Unit 3-B Country Space 1 Bldg.,

133 Sen. Gil Puyat Avenue, Brgy. Bel-Air, Makati City

on **17 June 2022**

I. CALL TO ORDER

The Chairman, Mr. Kevin Chng Chee Keong, welcomed the stockholders to the Annual Stockholders' Meeting (ASM or Meeting) held thru Webex conferencing. He advised that the Meeting is held virtually for the third time to comply with the government's policy on social distancing and reduce the risk of exposure to the COVID-19 virus.

The Chairman also welcomed the independent and regular directors, corporate officers, representative of the external auditor, Isla Lipana & Co., and representative of the stock transfer agent, STSI.

The following is the list of directors and officers who attended the meeting in person:

Kevin Chng Chee Keong – Chairman of the Board
Alan I. Claveria – President
Ramon J. Abejuela - Independent Director
Leonardo R. Arguelles, Jr. – Independent Director
Stefan Tong Wai Mun – Director
Felicidad V. Razon – Director/ Vice President / Treasurer
Ma. Melva E. Valdez – Corporate Secretary
Pamela Ann T. Cayabyab - Assistant Corporate Secretary

The following attended the meeting via remote communication:

Celso P. Vivas – Lead Independent Director
Catherine Santos - representative from Isla Lipana & Co. (PwC)
Jomer Lucinario - representative from STSI

The Chairman advised that a 5-minute grace period be given to stockholders who would want to participate in consideration of possible challenges with slow internet connection.

Thereafter, the Chairman called the meeting to order at about 11:35 p.m.

II. PROOF OF NOTICE OF MEETING AND CERTIFICATION OF QUORUM

Upon inquiry from the Chairman, the Corporate Secretary, Atty. Ma. Melva E. Valdez, advised that notice for the ASM and the Meeting materials were sent to each stockholder in accordance with the By-Laws of the Corporation and rules of the Securities & Exchange Commission (SEC). The notice was disseminated in accordance with SEC Memorandum Circular 6 series of 2020 or the *Guidelines on the attendance and participation of directors, stockholders, and other persons of corporations in regular and special meetings through remote or electronic means of communication*, and SEC Notice dated 16 February 2022 on the *Alternative Mode for Distributing and Providing Copies of the Notice Of Meeting, Information*

Statement, and Other Documents in Connection with the Holding of Annual Stockholders' Meeting ("ASM") for 2022.

She confirmed that notice was published twice in electronic and printed formats in the business section of two newspapers of general circulation, namely, the BusinessWorld and the Philippine Daily Inquirer on May 25 and 26, 2022. Certifications to this effect were executed by Bernard E. Enolva of Business World, and by Adela G. Mendoza of the Philippine Daily Inquirer, Inc.

Further, electronic copies of the Definitive Information Statement, the Guidelines for conducting this meeting via remote communication and the 2021 Audited Financial Page 2 of 12 Statement were posted on the Company website and disclosed in the Philippine Stock Exchange's PSE Edge Portal.

With the assistance of STSI, the quorum for the Meeting was determined. The Corporate Secretary announced that, out of the total outstanding shares, at least 82.83% were present either in person or by proxy, hence, there was a quorum.

Upon the Chairman's request, the Corporate Secretary reminded the Stockholders about the guidelines in remote communication participation as published on the Company website and disclosed via the PSE Edge System:

Stockholders of record who duly submitted their valid proxy or notified the Company their intention to participate by remote communication were included in determining the existence of quorum. The Presiding Officer shall ask the stockholders to vote on matters following the Agenda or if they have questions on matters discussed. Participants can send their votes/objections/comments/questions via the WebEx Chat box. Motions shall be considered carried upon garnering majority votes of present stockholders. The Presiding Officer or the Moderator will read the questions. Concerned company representatives shall endeavor to answer questions as time will allow.

Stockholders were given the chance to send their questions in advance by sending an email bearing the subject "ASM 2022 Open Forum/Questions" to info@keppelph.com until 13 June 2022. Questions/comments received but not entertained during the Open Forum due to time constraints will be addressed separately by the Company's Corporate Information Officer.

The Corporate Secretary also confirmed that the Company did not receive any question or comment from the stockholders prior to the meeting.

III. READING AND APPROVAL OF THE MINUTES OF THE ANNUAL STOCKHOLDERS' MEETING HELD ON 18 JUNE 2021

The Chairman was informed that copies of the minutes of the previous ASM held on 18 June 2021 were made available to the stockholders beforehand. Thus, on proper motion duly made and seconded, the reading of the aforesaid minutes was dispensed with and the minutes was approved by the Stockholders as follows:

| Stockholders Voting in Favor | Stockholders Voting Against | Stockholders who Abstained |
|------------------------------|-----------------------------|----------------------------|
| 82.83% | Nil | Nil |

IV. PRESENTATION OF THE 2021 ANNUAL REPORT AND APPROVAL OF AUDITED FINANCIAL STATEMENTS

The Chairman stated that the Company's Annual Report (SEC form 17-A) was posted on the Company's website and disclosed via PSE Edge. Likewise, the electronic copy of the 2021 Audited Financial Statements was included in the Definitive IS, which as earlier mentioned, was posted on the Company's website and disclosed via PSE Edge Portal.

The Chairman welcomed questions from the Stockholders. However, there was no question from the Stockholders. Thereafter, upon motion duly made and seconded, the Audited Financial Statements for the year ended 2021 was approved as follows:

| Stockholders Voting in Favor | Stockholders Voting Against | Stockholders who Abstained |
|------------------------------|-----------------------------|----------------------------|
| 82.83% | Nil | Nil |

V. RATIFICATION OF THE ACTS AND PROCEEDINGS OF THE BOARD OF DIRECTORS, OFFICERS AND MANAGEMENT DURING THE YEAR UNDER REVIEW

The Chairman opened the floor for a motion on the ratification of the corporate acts and proceedings of the Board of Directors, Officers, and Management of the Corporation for the period under review or from 18 June 2021 to 17 June 2022.

On motion duly made and seconded, the following resolution was adopted:

RESOLVED, That all the official or corporate acts and proceedings of the Board of Directors, Officers and Management of the Corporation for the period beginning 18 June 2021 until 17 June 2022 are hereby approved and ratified.

Stockholders voted as follows:

| Stockholders Voting in Favor | Stockholders Voting Against | Stockholders who Abstained |
|------------------------------|-----------------------------|----------------------------|
| 82.83% | Nil | Nil |

VI. ELECTION OF DIRECTORS

The Chairman inquired from the Corporate Secretary the names of nominees and whether the nominations were in accordance with the Corporation's By-laws and Manual on Corporate Governance. The Corporate Secretary read the names of the four (4) nominees for election as regular members of the Board of Directors and three (3) nominees for independent directors for the year 2022-2023. No other nomination was filed.

She also discussed that the nominees for Independent Directors were aware of SEC Memorandum Circular No. 5, Series of 2017 regarding submission of Certificate of Qualification of Independent Directors. They are likewise aware of the 9 year-maximum term limit of Independent Directors pursuant to the Recommendation 5.3 of the SEC Code of Corporate Governance for PLCs.

While Mr. Vivas has served as Independent Director for a cumulative term of ten (10) years, it was noted from meeting discussions of the Corporate Governance and Nomination Committee and the Board of Directors that Mr. Vivas has extensive experience and unquestionable familiarity on the operations of the Company, which make him exceptionally qualified to provide impartial advice and guidance to the Company.

Further, it was noted in the discussions the intention of the SEC regulations in providing the nine (9) years-term limit and that is “to ensure the exercise of independent judgment on corporate affairs and proper oversight of managerial Page 7 of 12 performance, including prevention of conflict of interests and balances of competing demands of the corporation.”

Likewise noted in the discussions is the track record of Mr. Vivas, his notable advocacy for corporate governance, his dedication, and his general professional approach to all matters at the Audit & Risk Management Committee, the Corporate Governance and Nomination Committee and the Board of Directors. These contributed exceptionally in ensuring that adequate mechanisms for proper checks and balances in the Company are in place, as well as in securing objective judgement on corporate affairs. As such, despite maximizing the 9-year term, the re-election of Mr. Vivas for another term can be beneficial to strengthen even more the Board’s independence.

She confirmed that information on the nominees were stated in the Definitive IS (SEC Form 20-IS) posted on the Company website and disclosed via PSE Edge.

A motion was made and seconded for the Corporate Secretary to cast all votes equally among the nominees and that the seven (7) nominees be proclaimed as elected directors and to serve as such for the ensuing year and until the election and qualification of their successors. There was no objection from the Stockholders.

Considering that there were seven (7) nominees to fill in seven (7) seats in the Board, the Chairman directed the Corporate Secretary to cast the votes equally in favor of the seven (7) nominees. The following were elected as directors of the Corporation for the year 2022-2023 and shall serve as such until their successors are elected and shall have qualified:

1. Kevin Chng Chee Keong
2. Alan I. Claveria
3. Stefan Tong Wai Mun
4. Celso P. Vivas, *Lead Independent Director*
5. Ramon J. Abejuela, *Independent Director*
6. Leonardo R. Arguelles, Jr., *Independent Director*
7. Felicidad V. Razon

Stockholders voted as follows:

| Stockholders Voting in Favor | Stockholders Voting Against | Stockholders who Abstained |
|------------------------------|-----------------------------|----------------------------|
| 82.83% | Nil | Nil |

VII. DIRECTORS' REMUNERATION

The Chairman moved on to the next agenda which is the granting of remuneration to the Directors. The Board of Directors proposed an amount of Seventy-Four Thousand Pesos (₱74,000.00) per Director as director's fee for the financial year 2021.

On motion duly made and seconded, the following resolution was adopted:

RESOLVED, That the amount of SEVENTY-FOUR THOUSAND PESOS (P74,000.00) per director be as it is hereby appropriated and approved to be paid as and by way of directors' remuneration for the year 2021.

Stockholders voted as follows:

| Stockholders Voting in Favor | Stockholders Voting Against | Stockholders who Abstained |
|------------------------------|-----------------------------|----------------------------|
| 82.83% | Nil | Nil |

VIII. APPOINTMENT OF EXTERNAL AUDITOR

The Chairman proceeded to the next item on the agenda which was appointment of external auditor. The Board of Directors recommended the re-appointment of Isla Lipana and Co., a member firm of PricewaterhouseCoopers (PwC), as external auditor of the Corporation for the year 2022 at a fee to be fixed by Management.

On motion duly seconded, the following resolution was adopted:

RESOLVED, That Isla Lipana & Co. (PwC) be as it is hereby appointed as the external auditor of the Corporation for the year 2022 at a fee to be fixed by Management.

Stockholders voted as follows:

| Stockholders Voting in Favor | Stockholders Voting Against | Stockholders who Abstained |
|------------------------------|-----------------------------|----------------------------|
| 82.83% | Nil | Nil |

IX. AMENDMENT TO THE BY-LAWS

The Corporate Secretary confirmed that the Board of Directors in its meeting prior to the ASM approved the amendment of the by-laws.

The provisions for amendment are:

- 1) Article I Section 1 referring to the address of KPHI;
- 2) Article II Sections 1-A, 1-B and 1-C referring to the election, term, qualifications of directors, and vacancies in the Board;
- 3) Article II Section 3 referring to notice and conduct of Board meetings and remote conferencing;
- 4) Article III Sections 1, 2, 4 and 5 referring to independent directors, number of Independent Directors, disqualifications, and term limit;

- 5) Article V Section 9 referring to the duties of Compliance Officer. Article V Sections 2, 3, 7, 10, 11 and 12 make reference to the Manual of Corporate Governance on corporate officers' duties and updating of the committee's name to Audit, Risk Management and Compliance Committee;
- 6) Article IX Section 1 referring to updating of the committee's name to Audit, Risk Management and Compliance Committee;
- 7) Article X Sections 1, 2, 5, and 6 referring to the holding of stockholders' meeting, decreasing the number of directors for election from 9 to 7, and the conduct of stockholders' meetings via remote communication;
- 8) Article XI Section 1 referring to voting via remote communication; and
- 9) Article XII Section 1 referring to updating of the KPHI's name.

Details of the proposed amendments were presented and presented in the Definitive Information Statements, posted in the Company website and included in the materials for this Annual Stockholders' Meeting.

Considering that the details of the proposed amendments were presented in the Information Statement, posted on the Company website, and included in the Meeting materials, in the interest of time, a motion was made that the reading of the by-laws provisions for amendment be dispensed with and the proposed amendments as presented in the Information Statement and Meeting materials be approved. There was no objection to the motion.

On motion duly seconded, the following resolution was adopted:

RESOLVED, That the by-laws of the Corporation be amended as follows:

| |
|---|
| ARTICLE I <u>OFFICE</u> |
| <u>Section 1. The principal office of the corporation shall be located in Makati City, Philippines, as stated in the Articles of Incorporation, and branch offices may be established elsewhere in the Philippines as the Board of Directors may, from time to time, determine.</u> |
| ARTICLE II <u>THE BOARD OF DIRECTORS</u> |
| <u>Section 1-A. Election and Term - The Board of Directors shall be elected during each regular meeting of stockholders and shall hold office for one (1) year and until their successors are elected and qualified.</u> |
| <u>Section 1-B. Qualifications and Disqualifications of Directors - The qualifications of directors and the grounds for disqualification, whether permanent or temporary, of directors are as follows:</u> |
| <u>(A) Qualifications of a Candidate as a Director</u> |
| <ol style="list-style-type: none"> 1. <u>Holder of at least one (1) share of stock of KPHI;</u> 2. <u>At least a college graduate or holder of equivalent academic degree;</u> 3. <u>At least twenty-one (21) years old;</u> 4. <u>Membership in good standing in relevant industry, business or professional organizations;</u> 5. <u>Practical understanding of the business of KPHI and sufficient experience in managing the business to substitute for such formal education;</u> |

6. Proven to possess integrity and probity, assiduous, and
7. Such other qualifications as the Corporate Governance and Nomination Committee (CGNC) may reasonably require based on the nature and requirements of the position at stake.

(B) Grounds for Disqualification of a Director:

(1) Permanent Disqualification:

- (a) Any person convicted by final judgment or order by a competent judicial or administrative body of any crime that: (a) involves the purchase or sale of securities, as defined in the Securities Regulation Code; (b) arises out of the **person's conduct as an underwriter, broker, dealer, investment adviser, principal, distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker;** or (c) arises out of his fiduciary relationship with a bank, quasi-bank, trust company, investment house or as an affiliated person of any of them;
- (b) Any person who, by reason of misconduct, after hearing, is permanently enjoined by a final judgment or order of the SEC, Bangko Sentral ng Pilipinas (BSP) or any court or administrative body of competent jurisdiction from: (a) acting as underwriter, broker, dealer, investment adviser, principal distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; (b) acting as director or officer of a bank, quasi-bank, trust company, investment house, or investment company; (c) engaging in or continuing any conduct or practice in any of the capacities mentioned in subparagraphs (a) and (b) above, or willfully violating the laws that govern securities and banking activities;
- (c) The disqualification will also apply if (a) such person is the subject of an order of the SEC, BSP or any court or administrative body denying, revoking or suspending any registration, license or permit issued to him under the Corporation Code, Securities Regulation Code or any other law administered by the SEC or BSP, or under any rule or regulation issued by the Commission or BSP; (b) such person has otherwise been restrained to engage in any activity involving securities and banking; or (c) such person is the subject of an effective order of a self-regulatory organization suspending or expelling him from membership, participation or association with a member or participant of the organization;
- (d) Any person convicted by final judgment or order by a court, or competent administrative body of an offense involving moral turpitude, fraud, embezzlement, theft, estafa, counterfeiting, misappropriation, forgery, bribery, false affirmation, perjury or other fraudulent acts;
- (e) Any person who has been adjudged by final judgment or order of the SEC, BSP, court, or competent administrative body to have willfully violated, or willfully aided, abetted, counseled, induced or procured the violation of any provision of the Corporation Code, Securities Regulation Code or any other law, rule, regulation or order administered by the SEC or BSP;
- (f) Any person judicially declared as insolvent;

- (g) Any person found guilty by final judgment or order of a foreign court or equivalent financial regulatory authority of acts, violations or misconduct similar to any of the acts, violations or misconduct enumerated previously;
- (h) Conviction by final judgment of an offense punishable by imprisonment for more than six years, or a violation of the Corporation Code committed within five years prior to the date of his election or appointment; and
- (i) Other grounds as the SEC may provide.

(2) Temporary Disqualifications:

- (a) Refusal to comply with the disclosure requirements of the Securities Regulation Code and its implementing rules and regulations. The disqualification will be in effect for as long as the refusal persists;
- (b) Absence in more than fifty percent (50%) of all regular and special meetings of the Board during his incumbency, or any twelve (12)-month period during the said incumbency, unless the absence is due to illness, death in the immediate family or serious accident. The disqualification will apply for purposes of the succeeding election;
- (c) Dismissal or termination for cause as director of any publicly-listed company, public company, registered issuer of securities and holder of a secondary license from the Commission. The disqualification will be in effect until he has cleared himself from any involvement in the cause that gave rise to his dismissal or termination;
- (d) If the beneficial equity ownership of an independent director in KPHI or its subsidiaries and affiliates exceeds two percent (2%) of its subscribed capital stock. The disqualification from being elected as an independent director is lifted if the limit is later complied with; and
- (e) If any of the judgments or orders cited in the grounds for permanent disqualification has not yet become final.

A temporary disqualified director will, within sixty (60) business days from such a disqualification, take the appropriate action to remedy or correct the disqualification. If he fails, or refuses to do so for unjustified reason, the disqualification will become permanent.

Section 1-C. Vacancies – Any vacancy occurring in the Board of Directors, other than by removal or by expiration of term, may be filled by the vote of at least a majority of the remaining directors, if still constituting a quorum; otherwise, said vacancies must be filled by the stockholders in a regular or special meeting called for that purpose.

When the vacancy is due to term expiration, the election shall be held no later than the day of such expiration at a meeting called for that purpose. When the vacancy arises as a result of removal by the stockholders, the election may be held on the same day of the meeting authorizing the removal and this fact must be so stated in the agenda and notice of said meeting. In all other cases, the election must be held no later than forty-five (45) days from the time the vacancy arose. A director or trustee elected to fill a vacancy shall

be referred to as replacement director and shall serve only for the unexpired term of the predecessor in office.

However, when the vacancy prevents the remaining directors from constituting a quorum and emergency action is required to prevent grave, substantial, and irreparable loss or damage to the corporation, the vacancy may be temporarily filled from among the officers of the corporation by unanimous vote of the remaining directors or trustees. The action by the designated director shall be limited to the emergency action necessary, and the term shall cease within a reasonable time from the termination of the emergency or upon election of the replacement director, whichever comes earlier. The corporation must notify the Commission within three (3) days from the creation of the emergency board, stating therein the reason for its creation.

Any directorship to be filled by reason of an increase in the number of directors shall be filled only by an election at a regular or at a special meeting of stockholders duly called for the purpose, or in the same meeting authorizing the increase of directors if so stated in the notice of the meeting.

Section 3. Meetings. – The Board of Directors shall hold a meeting for organization immediately after their election, of which no notice shall be required. Thereafter, the Board of Directors shall hold regular meetings at the principal office of the corporation, or at such place and time as the Board may fix.

Special meetings of the Board of Directors may be called by the President, or upon the written request of at least two (2) directors.

Notice of regular or special meetings stating the date, time and place of the meeting must be sent to every director personally, or by telephone, telex, telegram, or by written or oral message, or through electronic mail, at least two (2) days prior to the scheduled meeting. A director may waive this requirement, either expressly or impliedly.

Meetings of the Board of Directors, whether regular or special, shall be presided over by the Chairman of the Board, or in his absence, the Vice-Chairman of the Board, or in his absence, the President, or if none of the foregoing is in office and present and acting, by any other director chosen by the Board. The Secretary, or in his absence, the Assistant Secretary, shall act as secretary of every meeting, but if neither the Secretary nor an Assistant Secretary is present, the Chairman of the meeting shall appoint a secretary for the meeting.

Regular and special meetings may be conducted by means of remote communication such as teleconferencing, videoconferencing, or other alternative modes of communication that allow them reasonable opportunities to participate. In such case, the following guidelines shall govern:

- a) If the Director intends to participate in a meeting through remote communication, he/she shall notify in advance the Corporate Secretary of his/her intention.
- b) The conduct of meetings via remote communication shall be made pursuant to prevailing Securities and Exchange Commission (SEC) rules on such.

ARTICLE III
INDEPENDENT DIRECTORS

Section 1. Definition. - Independent director means a person who is independent of management and the controlling shareholder, and is free from any business or other relationship which could, or could reasonably be perceived to, materially interfere with his exercise of independent judgment in carrying out his responsibilities as a director.

Section 2. Composition. - The corporation shall have at least three (3) independent directors, or such number as to constitute at least one-third (1/3) of the members of the Board, whichever is higher.

Section 4. Qualifications and Disqualifications. - An independent director shall have the following qualifications:

- a. He shall have at least one (1) share of stock of the corporation;
- b. He shall be at least a college graduate or he shall have been engaged or exposed to the business of the corporation for at least five (5) years;
- c. He shall possess integrity and probity; and
- d. He shall be assiduous.

An Independent Director refers to a person who:

a. Is not, or has not been a senior officer or employee of the corporation unless there has been a change in the controlling ownership of the corporation;

b. Is not, and has not been in the three (3) years immediately preceding the election, a director of the corporation; a director, officer, employee of the corporation's subsidiaries, associates, affiliates or related companies; or a director, officer, employee of the corporation's substantial shareholders and its related companies;

c. Has not been appointed in the corporation, its subsidiaries, associates, affiliates or related companies as Chairman "Emeritus," "Ex-Officio" Directors/Officers or Members of any Advisory Board, or otherwise appointed in a capacity to assist the Board in the performance of its duties and responsibilities within three (3) years immediately preceding his election;

d. Is not an owner of more than two percent (2%) of the outstanding shares of the corporation, its subsidiaries, associates, affiliates or related companies;

e. Is not a relative of a director, officer, or substantial shareholder of the corporation, or any of its related companies, or of any of its substantial shareholder. For this purpose, relatives include spouse, parent, child, brother, sister and the spouse of such child, brother or sister;

f. Is not acting as a nominee or representative of any director of the corporation or any of its related companies;

g. Is not a securities broker-dealer of listed companies and registered issuers of securities. "Securities broker-dealer" refers to any person holding any office of trust and responsibility in a broker-dealer firm, which includes, among others, a director, officer, principal stockholder, nominee of the firm to the Exchange, an associated person or salesman, and an authorized clerk of the broker or dealer;

h. Is not retained, either in his personal capacity or through a firm, as a professional adviser, auditor, consultant, agent or counsel of the corporation any of its related companies or substantial shareholder, or is otherwise independent of Management and free from any business or other relationship within the three (3) years immediately preceding the date of his election;

i. Does not engage or has not engaged, whether by himself or with other persons or through a firm of which he is a partner, director or substantial shareholder, in any transaction with the corporation or any of its related companies or substantial shareholders, other than such transactions that are conducted at arm's length and could not materially interfere with or influence the exercise of his independent judgment;

j. Is not affiliated with any non-profit organization that receives significant funding from the corporation or any of its related companies or substantial shareholders; and

k. Is not employed as an executive officer of another company where any of the corporation's executives serve as directors.

Section 5. Term Limit of Independent Directors - **The corporation's independent directors** shall serve for a maximum cumulative term of nine (9) years. After which, the independent director shall be perpetually barred from reelection as such in the same company, but may continue to qualify for nomination and election as a non-independent director. In the instance that the corporation wants to retain an independent director who has served for nine (9) years, the Board of Directors shall provide meritorious justification/s and seek **stockholders' approval during the annual stockholders' meeting. Reckoning of the cumulative nine-year term is from 2012.**

ARTICLE IV COMMITTEES

Section 4. Audit, Risk Management and Compliance Committee (ARMC) - The Audit, Risk Management and Compliance Committee shall be composed of at least three (3) appropriately qualified non-executive directors, the majority of whom, including the Chairman, will be independent. All of the members of the committee must have relevant background, knowledge, skills and/or experience in the areas of accounting, auditing and finance. The Chairman of the ARMC will not be the chairman of the Board or of any other committees.

ARTICLE V OFFICERS

Section 2. Chairman - The Chairman who shall be elected by the Board from their own members shall preside at all meetings of the Board of Directors and stockholders. He shall also perform such functions and exercise such duties as may be delegated to him by the Board of Directors, **and those responsibilities enumerated under the Corporation's Manual on Corporate Governance.**

Section 3. President -- The President who shall be elected by the Board of Directors from their own members shall have the following powers and duties:
a) He shall preside at all meetings in the absence of the Chairman;
b) He shall sign all certificates of stock; and
c) He shall perform all such other duties as may be delegated to him by the Board of Directors, and those responsibilities enumerated under **the Corporation's Manual on Corporate Governance.**

Section 7. Secretary - The Secretary, who must be a Filipino citizen and a resident of the Philippines, shall issue notices of all meetings of the directors and stockholders; shall keep the

minutes of said meetings; shall have charge of the corporate seal and the books of the Corporation;

shall countersign the certificates of stocks and such instrument as may require his signature and shall render such reports. He shall also perform such other duties as are incidental to his office or are properly required of him by the Board of Directors and those responsibilities enumerated under the Corporation's Manual on Corporate Governance.

Section 9. Compliance Officer - To insure adherence to corporate principles and best practices, the Chairman of the Board shall designate a Compliance Officer who shall hold the position of a Senior Vice President or its equivalent. He shall have direct reporting responsibilities to the Chairman of the Board.

The Compliance Officer shall perform the following duties:

(a) Monitor compliance with the provisions and requirements of the Manual on Corporate Governance (the "Manual");

(b) Identify, monitor and control compliance risks;

(c) Recommend to the Board, from time to time, appropriate measures to instill awareness and insure compliance with the Manual;

(d) Determine violation/s of the Manual and recommend penalty for violation thereof for further review and approval of the Board;

(e) Issue a certification every January 30% of the year on the extent of the Corporation's compliance with this Manual for the completed year, explaining the reason/s of the latter's deviation from the same year; and

(f) Appear before the SEC upon summons on similar matters that need to be clarified by the same; and

(g) Perform such other duties as are incident to his office and those responsibilities enumerated under the Corporation's Manual on Corporate Governance.

The appointment of the compliance officer shall be immediately disclosed to the SEC on SEC Form 17-C. All correspondence relative to his functions as such shall be addressed to said Officer.

Section 10. Internal Auditor - The Corporation shall have in place an independent internal audit function which shall be performed by an Internal Auditor or a group of Internal Auditors, through which its Board, senior management, and stockholders shall be provided reasonable assurance that its key organizational and procedural controls are effective, appropriate, and complied with. The Internal Auditor shall report to the Audit, Risk Management and Compliance Committee.

Section 11. Compensation. - All officers shall receive such salaries or compensation as may be fixed by the Board of Directors.

Section 12. Vacancies. - If the office of the President, Vice President, General Manager, Treasurer and Secretary becomes vacant by death, resignation, or otherwise, the remaining directors, if still constituting a quorum by a majority vote may choose a successor or successors who shall hold office for the unexpired term.

In case of the temporary absence of any officer of the Corporation, or for any other reason that the Board of Directors may deem sufficient, the Board of Directors may delegate the powers and duties of such officer to any other officer or to any director for the time being, provided a majority of the board concur therein and such delegation is not conferred by an express provision of these By-Laws.

ARTICLE IX FISCAL YEAR, DIVIDENDS AND ACCOUNTS

Section I. External Auditors. - An external auditor shall enable an environment of good corporate governance as reflected in the financial records and reports of the Corporation. An external

auditor shall be selected and appointed by the stockholders upon recommendation of the Audit, Risk Management and Compliance Committee.

The reason/s for the resignation, dismissal or cessation from service and the date thereof of an external auditor shall be reported in the Corporation's annual and current reports. Said report shall include a discussion of any disagreement with said former external auditor on any matter of accounting principles or practices, financial statement disclosure or auditing scope or procedure.

The external auditor of the Corporation shall not at the same time provide the services of an internal auditor to the same client. The Corporation shall ensure that other non-audit work shall not be in conflict with the functions of the external auditor.

The Corporation's external auditor shall be rotated or the handling partner shall be changed every five (5) years or earlier.

The external auditor or auditors of the Corporation for the ensuing year shall be appointed at the regular stockholders meeting.

The external auditor or auditors of the Corporation shall examine, verify, and report on the earnings and expenses of the Corporation and shall certify the remuneration of the external auditor or auditors as determined by the Board of Directors.

If an external auditor believes that the statements made in the Corporation's annual report, information statement or proxy statement filed during his engagement is incorrect or incomplete, he shall present his views in said reports.

ARTICLE X **STOCKHOLDERS' MEETING**

Section 1. Place. – Regular or special meeting of the stockholders shall be held at the principal office of the Corporation at Makati, Philippines.

Stockholders may participate by means of remote communication such as videoconferencing, teleconferencing, or other alternative modes of communication that allow them reasonable opportunities to participate, subject to the guidelines of the Securities and Exchange Commission on stockholder participation *in absentia*.

Section 2. Proxy. – Stockholders may vote at all meetings in person, by proxy duly given in writing and presented to the Secretary for inspection and record at a date set by the Board prior to the holding of said meeting, through remote communication, or *in absentia*.

Section 5. Annual Meeting. – The annual meeting of the stockholders after the year 1974 shall be held on any day in June of each year at Makati City, Philippines, or at such other date and place as the Board of Directors may otherwise fix when they shall elect a Board of seven (7) directors to serve for one (1) year until their successors are elected and shall have qualified.

Written notice stating the date, time and place of the annual meeting shall be sent to each registered owner of stock at his/her postal address or through electronic mail as registered in the Corporation books, and by publishing the notice in a newspaper of national circulation and online format pursuant to prevailing notice requirements of the Securities and Exchange Commission (SEC) for Publicly Listed Companies (PLC), at least twenty-one (21) days prior to the date of such meeting. It shall also set the date, time, and place of the **validation of proxies which in no case shall be less than five (5) days prior to the stockholders' meeting.** The presence of any stockholder who may wish to be present in person or through counsel shall be allowed.

Notice of meeting may be waived, expressly or impliedly, by any stockholder: *Provided*, That general waivers of notice shall not be allowed: *Provided, further*, That attendance at a meeting shall constitute a waiver of notice of such meeting, except when the person attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened.

For the purpose of determining the stockholders entitled to notice of or to vote at annual meeting of stockholders or any adjournment thereof, or to receive payment of any dividend, or of making a determination of stockholders for any other purpose, the Board of Directors may provide that the stock book be closed for a stated period, but not to exceed, in any case, twenty (20) days. In lieu of closing the stock and transfer book, the Board of Directors may fix in advance a record date for any such determination of stockholders. *(As amended on 14 June 1997)*

In case of postponement of stockholders' regular meetings, written notice thereof and the reason therefor shall be sent to all stockholders or members of record at least two (2) weeks prior to the date of the meeting, unless a different period is required under the bylaws, law or regulation.

Section 6. Special Meeting. – Special Meeting of the stockholders may be called by the President or Executive Vice President at his discretion, or on the demand of the stockholders holding the majority of the subscribed capital stock of the Corporation. *(As amended on 14 June 1997)*

A written notice stating the day, hour and place of the meeting and the general nature of the business to be transacted shall be sent to each and every stockholder at least one (1) week prior to the date of such special meeting, provided, however, that this requisite may be waived, expressly or impliedly, by any stockholder, provided further, that the attendance at a meeting shall constitute a waiver of notice of such meeting, except when the person attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened.

Whenever for any cause, there is no person authorized or the person authorized unjustly refuses to call a meeting, the Securities and Exchange Commission, upon petition of a stockholder on a showing of good cause therefor, may issue an order directing the petitioning stockholder to call a meeting of the corporation by giving proper notice. The petitioning stockholder shall preside thereat until at least a majority of the stockholders present have chosen from among themselves, a presiding officer.

For the purpose of determining the stockholders entitled to notice of or to vote at special meetings, the Board of Directors may provide that the stock and transfer book be closed at least seven (7) days before the scheduled meeting.

ARTICLE XI VOTING

1. At all meetings of the stockholders. – A stockholder may vote in person, by proxy, through remote communication or *in absentia*. Voting by proxy, through remote communication, or *in absentia* shall be governed by applicable rules and regulations of the Securities and Exchange Commission:

a) A proxy executed by a Corporation shall be in a form executed by a duly authorized corporate officer accompanied by a **Corporate Secretary's Certificate** quoting the board resolution authorizing said corporate officer to execute said proxy. *(As amended on 14 June 1997)*

b) Unless a longer period is fixed by the Board of Directors, proxies shall be submitted not later than ten (10) days prior to the date of stockholders' meeting. (As amended on 14 June 1997)

**ARTICLE XII
SEAL**

1. The seal of the Corporation shall contain the name **KEPPEL PHILIPPINES HOLDINGS, INC.**, the year of incorporation and the principal office of the Corporation.

RESOLVED, FINALLY, that the Corporation's President, Mr. Alan I. Claveria, assisted by the Corporate Secretary, Atty. Ma. Melva E. Valdez, Assistant Corporate Secretary, Atty. Pamela Ann T. Cayabyab, or any of the associates or authorized representatives of the law firm **Bello Valdez & Fernandez (JGLaw)**, with office address at 17th Floor, Robinsons Equitable Tower, 4 ADB Avenue cor. P. Poveda Drive, Ortigas Center, 1605 Pasig City, be authorized to implement the foregoing, to perform any and/or all acts, to effect any and/ or all amendments, and to prepare, execute, or sign any and/ or all documents as may be necessary or appropriate to implement the processing of the foregoing application before the Securities and Exchange Commission (SEC) and any other government agency as may be appropriate.

Stockholders voted as follows:

| Stockholders Voting in Favor | Stockholders Voting Against | Stockholders who Abstained |
|------------------------------|-----------------------------|----------------------------|
| 82.83% | Nil | Nil |

X. OTHER MATTERS

The Chairman announced that the Board of Directors, in its meeting held before the ASM, declared a ten percent (10%) cash dividend equivalent to ten centavos (P0.10) per share to the stockholders of record as of 08 July and the payments to be made on or before 31 July 2022.

The Chairman asked if there are other matters which must be discussed. The Corporate Secretary confirmed that the Company did not receive any queries, via email or otherwise, from shareholders prior to the Meeting or during the Meeting via the Webex chatbox.

XI. ADJOURNMENT

There being no other matters to be discussed, the meeting was adjourned at about 11:59 am.


MA. MELVA E. VALDEZ
Corporate Secretary

ATTESTED BY:

KEVIN CHNG CHEE KEONG
Presiding Officer of the Stockholders' Meeting
Chairman of the Board of Directors

REPUBLIC OF THE PHILIPPINES)
MAKATI CITY) SS.

CERTIFICATION

The undersigned, being the President of **KEPPEL PHILIPPINES HOLDINGS, INC. (KPHI)**, a corporation duly organized and existing under and by virtue of Philippine laws (SEC Identification No. 62596) with principal office at Unit 3-B Country Space 1 Building, 133 Sen. Gil Puyat Avenue, Salcedo Village, Barangay Bel-Air, Makati City, do hereby certify that, as of current date, no members of the Board of Directors and no officers of KPHI are employed by or connected with any government agency and/or instrumentalities.

This Certification is issued in connection with the filing/submission of KPHI's Definitive Information Sheet with the SEC and for all legal purposes it may serve.

ALAN I. CLAVERIA
President

MAY 15 2023

SUBSCRIBED AND SWORN to before me this _____ at Makati City; affiant exhibited to me her Taxpayer Identification Number (TIN) Card bearing numbers 127-165-720-000.

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Series of 2023.

ATTY. ROMEO M. MONFORT
NOTARY PUBLIC City of Makati
Until December 31, 2023
Appointment No. M-172
PTE No. 9563621 / Jan. 9, 2023
IBP No. 178089 / 2-14-22 Pasig City
MCLE NO. VI-0023417 Roll No. 27932
186 Amoroso St., Legaspi Village, Makati City

REPUBLIC OF THE PHILIPPINES)
MAKATI CITY) SS.

CERTIFICATION

The undersigned, being the Vice President/Treasurer of **KEPPEL PHILIPPINES HOLDINGS, INC. (KPHI)**, a corporation duly organized and existing under and by virtue of Philippine laws (SEC Identification No. 62596) with principal office at Unit 3-B Country Space 1 Building, 133 Sen. Gil Puyat Avenue, Salcedo Village, Barangay Bel-Air, Makati City, do hereby certify that, as of current date, no members of the Board of Directors and no officers of KPHI are employed by or connected with any government agency and/or instrumentalities.

This Certification is issued in connection with the filing/submission of KPHI's Definitive Information Sheet with the SEC and for all legal purposes it may serve.


FELICIDAD V. RAZON
Vice President/Treasurer

MAY 12 2023

SUBSCRIBED AND SWORN to before me this _____ at Makati City; affiant exhibited to me her Taxpayer Identification Number (TIN) Card bearing numbers 112-942-756.

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ATTY. ROMEO M. MONFORT
NOTARY PUBLIC City of Makati
Until December 31, 2023
Appointment No. M-172
PTN No. 0503021 / Jan. 3, 2023
ISE No. 178089 / 2-14-22 Pasig City
MCLE NO. VI-0023417 Roll No. 27932
135 Amoroso St., Legaspi Village, Makati City

CERTIFICATION OF QUALIFICATION OF INDEPENDENT DIRECTOR

I, **CELSO P. VIVAS**, Filipino, of legal age and a resident of No. 125 Wilson Circle, San Juan, Metro Manila, after having been duly sworn in accordance with law do hereby declare that:

1. I am a nominee for independent director of Keppel Philippines Holdings, Inc. (KPHI), a publicly-listed company, with office address at Unit 3B Country Space I Building, 133 Sen. Gil Puyat Avenue, Salcedo Village, Barangay Bel-Air, Makati City. I have been its independent director since 2005 and Chairman of the Audit, Risk and Compliance Committee.
2. I am affiliated with the following companies or organizations:

| Company/Organization | Position/Relationship | Period of Service |
|--|---|----------------------|
| Keppel Philippines Properties Inc. – publicly listed | Independent Director | Nov 2004 to present |
| Megawide Construction Corp. – publicly listed | Chairman of the Audit & Compliance Committee and Independent Director | July 2018 to present |
| Republic Glass Holdings Corp. – publicly listed | Chairman of Governance, Nomination & Remuneration Committee, and Independent Director | June 2017 to present |
| Goodsoil Marine Realty Inc. | Independent Director | June 2017 to present |
| Goodwealth Realty Dev't. Corp. | Independent Director | June 2020 to present |
| Consort Land, Inc. | Independent Director | June 2018 to present |

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of Keppel Philippines Holdings, Inc., as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.
4. I am not related to any of the directors/officers/substantial shareholders of KPHI (including its subsidiaries and affiliates) other than the relationship provided under Rule 68.2.3 of the SRC.
5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.
6. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and SEC issuances.
7. I shall inform the Corporate Secretary of Keppel Philippines Holdings, Inc. of any changes in the abovementioned information within five days from its occurrence.

MAY 12 2023
Done this ___ day of _____ 2023 at Makati City, Philippines.



CELSO P. VIVAS

Affiant

MAY 12 2023

SUBSCRIBED AND SWORN to before me this ___ day of _____ 2023 at MAKATI CITY, Philippines, affiant personally appeared before me and exhibited to me his Tax Identification Number (TIN) 123-305-216.

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ATTY. ROMEO M. MONFORT
NOTARY PUBLIC City of Makati
Until December 31, 2023
Appointment No. M-172
PTR No. 9568521 / Jan. 3, 2023
IES No. 170089 / 2-14-22 Pasig City
MCLE NO. VI-0023417 Roll No. 27932
156 Amoroso St., Legaspi Village, Makati City

REPUBLIC OF THE PHILIPPINES)
MAKATI CITY) S.S.

CERTIFICATION OF QUALIFICATION OF INDEPENDENT DIRECTOR

I, **RAMON J. ABEJUELA**, Filipino, of legal age and a resident of No. 116 Ma. Cristina Street, Ayala Alabang Village, Muntinlupa City, after having been duly sworn in accordance with law do hereby declare that:

1. I am a nominee for independent director of Keppel Philippines Holdings, Inc. (KPHI) and have been its independent director since September 14, 2017 and Chairman of the Corporate Governance and Nomination Committee since June 19, 2020.
2. I am affiliated with the following companies or organizations:

| Company/Organization | Position/Relationship | Period of Service |
|-------------------------------------|--|-----------------------|
| Keppel Philippines Properties, Inc. | Chairman of the Audit Committee and Independent Director | 2009 to present |
| Mabuhay Vinyl Corporation | Independent Director & Chairman of the Audit Committee | July 2022 to present |
| Keppel Philippines Marine, Inc. | Independent Director | June 2020 - June 2022 |
| Keppel Subic Shipyard, Inc. | Independent Director | June 2020 – June 2022 |
| Philippine Nutri-Foods Corporation | Director/Vice Chairman | 2004 to Present |
| NCP Publishing Inc. | Director/Vice Chairman | 2004 to present |

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of Keppel Philippines Holdings, Inc., as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.
4. I am not related to any of the directors/officers/substantial shareholder/s of KPHI.
5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.
6. I shall faithfully and diligently comply with my duties and responsibilities as Independent Director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and SEC issuances.
7. I shall inform the Corporate Secretary of Keppel Philippines Holdings, Inc. of any changes in the abovementioned information within five days from its occurrence.

Done this MAY 12 2023 day of MAKATI CITY 2023, at _____, Philippines.

RAMON J. ABEJUELA
Affiant

MAY 12 2023

SUBSCRIBED AND SWORN to before me this _____ day of _____ 2023 at MAKATI CITY, Philippines, affiant personally appeared before me and exhibited to me his Tax Identification Number (TIN) 172-761-781.

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ATTY. ROMEO M. MONFORT
NOTARY PUBLIC City of Makati
Until December 31, 2023
Appointment No. M-172
TIN No. 9563521 / Jan. 3, 2023
IBF No. 178000 / 2-14-22 Pasig City
MCLE NO. VI-0023417 Roll No. 27932
156 Amoroso St., Legaspi Village, Makati City

CERTIFICATION OF QUALIFICATION OF INDEPENDENT DIRECTOR

I, **Leonardo R. Arguelles, Jr.**, Filipino, of legal age and a resident of No. 420 Taal St. Talin Place, Ayala Alabang Village, Muntinlupa City, after having been duly sworn in accordance with law do hereby declare that:

1. I am a nominee for independent director of Keppel Philippines Holdings, Inc. (KPHI) and have been its independent director since June 19, 2020.
2. I am affiliated with the following companies or organizations as per stated period:

| Company/Organization | Position/Relationship | Period of Service |
|--|------------------------|---------------------------|
| Keppel Philippines Properties, Inc. | Independent Director | 13 August 2020 to present |
| Unicapital Securities Inc. (Stockbroker) | President and Director | 2001 to March 2019 |
| Basic Energy Corporation | Advisory Board Member | 2012 to March 2019 |
| Des Eaux Utilities Corp. | Director | 2007 to March 2019 |
| Royal Bank of Scotland, Manila Branch | Independent Director | 2002 to 2009 |
| Anglo Philippines Holdings | Independent Director | 2004 to 2007 |

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of Keppel Philippines Holdings, Inc., as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.
4. I am not related to any of the directors/officers/substantial shareholder/s of KPHI.
5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.
6. I shall faithfully and diligently comply with my duties and responsibilities as Independent Director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and SEC issuances.
7. I shall inform the Corporate Secretary of Keppel Philippines Holdings, Inc. of any changes in the abovementioned information within five days from its occurrence.

Done this MAY 12 2023 day of MAKATI CITY, 2023, at _____, Philippines.


LEONARDO R. ARGUELLES, JR.
Affiant

SUBSCRIBED AND SWORN to before me this MAY 12 2023 day of _____ 2023 at MAKATI CITY, Philippines, affiant personally appeared before me and exhibited to me his Tax Identification Number (TIN) 106-967-381.

ATTY. ROMEO M. MONFORT
NOTARY PUBLIC City of Makati
Until December 31, 2023
Appointment No. M-172
PTR No. 9563521/ Jan. 3, 2023
IBF No. 173089/ 2-14-22 Pasig City
MCLE NO. VI-0023417 Roll No. 27932
136 Amoroso St., Legaspi Village, Makati City

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