COVER SHEET

6	2	5	9	6						

S.E.C Registration Number

KEPPEL PHILIPPINES HOLDINGS, INC. AND SUBSIDIARIES

(Company's Full Name)

UNIT 3-B COUNTRY SPACE I BLDG.
133 SEN. GIL PUYAT AVENUE,
SALCEDO VILLAGE, BRGY. BEL-AIR
MAKATI CITY

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

Alan I. Claveria/
Felicidad V. Razon/ Ma. Melva E. Valdez

Contact Persons

8892 1816
8815-9071

Company Telephone Number

1	2		3	1

Month *Day*

SEC FORM 17A – Annual Report 2022 & Sustainability Report

FORM TYPE

0	6		1	7

Month *Day*

Annual Meeting

Secondary License Type, if Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

417 as of
31 December 2022

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

S T A M P S

SECURITIES AND EXCHANGE COMMISSION
SEC FORM 17-A

ANNUAL REPORT PURSUANT TO SECTION 17
OF THE SECURITIES REGULATION CODE AND SECTION 141
OF THE CORPORATION CODE OF THE PHILIPPINES

1. For the fiscal year ended **31 December 2022**
2. SEC Identification Number **62596**
3. BIR Tax Identification No. **000-163-715-000**

4. **KEPPEL PHILIPPINES HOLDINGS, INC.**
   Exact name of registrant as specified in its charter
5. **Philippines**
   Province, country or other jurisdiction of incorporation or organization
6. Industry Classification Code: [ ] (SEC Use Only)
7. **Unit 3B, Country Space I Bldg., 133 Sen. Gil Puyat Ave., Salcedo Village, Barangay Bel-Air, Makati City**
   Address of registrant's principal office — Postal Code **1200**
8. **(632) 8892-1816**
   Registrant's telephone number, including area code
9. **N.A.**
   Former name, former address and former fiscal year, if changed since last report
10. Securities registered pursuant to Sections 8 and 12 of the SRC, or Sections 4 and 8 of the RSA

Title of each Class	Number of Shares of Common Stock Outstanding (as of 31 Dec 2022)
Common - Class 'A' P1.00 Par Value	**35,756,070**
Common - Class 'B' P1.00 Par Value	**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 a Stock Exchange?
    Yes [/] No [ ] **Philippine Stock Exchange** **Common Shares of Stock**

12. Check whether the registrant:
(a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17 thereunder or Section 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 90 days.

Yes [/] No [ ]

13. Aggregate market value of the voting stock held by non-affiliates of the registrant:
    ₱54,730,272 as of 31 March 2023 closing price (KPH ₱ 5.21; KPHB ₱ 6.48)
    ₱63,457,794 as of 31 December 2022 closing price (KPH ₱ 6.60; KPHB ₱ 6.16)

14. Documents Incorporated By Reference:
    None

KEPPEL PHILIPPINES HOLDINGS, INC.
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PART 1 – BUSINESS AND GENERAL INFORMATION

1 - Business

(a) **Keppel Philippines Holdings, Inc**. (hereinafter to be referred to as "Company" or "KPH") 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. KPH shares are being traded at the Philippine Stock Exchange (PSE).

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

(b) The Company is not involved in any bankruptcy, receivership, or similar proceedings.

(c) There is no material reclassification, merger, consolidation, purchase, or sale of a significant amount of assets not in the ordinary course of business.

(d) The Company does not have any patents, trademarks, licenses, franchises, concessions, and/or royalty agreements.

(e) As an investment holding company, KPH has six (6) regular employees from 2020 to 2022. There is no collective bargaining agreement between the Company and the employees.

(f) **Brief Description of Business**

KPH has two main business segments: 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.

Real Estate

KPH as Parent Company owns office space at Fedman Suites, while **KPSI Property, Inc. (**KPSI**)**, a wholly owned subsidiary of KPH, owns and leases out the office spaces in Country Space 1 Building at Makati City. **Goodwealth Realty Development Corp.** (GRDC), 51% owned by KPH, owns and leases parcels of land in Batangas City. **Goodsoil Marine Realty, Inc.** (GMRI), wholly owned by GRDC and effectively 51% owned by KPH, 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 KPH, 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 Ecozone Developer/Operator of the Subic Shipyard-Special Economic Zone and distribute power to its locators.

2 - Properties

The Company owns the following properties:

Owned by	Property Description	Area
KPH	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.

3 - Legal Proceedings

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.

4 - Submission of Matters to a Vote of Security Holders

There were no matters submitted to a vote of security holders during the third and fourth quarter of the fiscal year covered by the report. The last meeting of the Company's stockholders was the annual stockholders' meeting, which was held on 17 June 2022.

PART II – OPERATIONAL AND FINANCIAL INFORMATION

5 - Market Price of and Dividends on Registrant's Common Equity and Related Stockholder Matters

(a) Market Information

The principal market of the Company's common equity is the Philippine Stock Exchange (PSE) where it was listed on 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:

STOCK PRICES

	2022		2021	
	High	Low	High	Low
First Quarter	'A' ₱7.04	'A' ₱6.10	'A' ₱6.00	'A' ₱4.63
	'B' ₱8.08	'B' ₱6.20	'B' 6.22	'B' ₱4.00
Second Quarter	'A' ₱8.00	'A' ₱6.60	'A' ₱5.94	'A' ₱4.25
	'B' ₱8.25	'B' ₱6.60	'B' ₱4.31	'B' ₱4.31
Third Quarter	'A' ₱9.90	'A' ₱6.32	'A' ₱6.96	'A' ₱5.00

	‘B’ ₱10.70	‘B’ ₱6.12	‘B’ ₱6.20	‘B’ ₱4.90
Fourth Quarter	‘A’ ₱6.60	‘A’ ₱6.60	‘A’ ₱6.40	‘A’ ₱5.96
	‘B’ not traded	‘B’ not traded	‘B’ ₱6.21	‘B’ ₱3.30

	2023	
	High	**Low**
First Quarter	‘A’ P7.60	‘A’ ₱5.12
	‘B’ ₱6.48	‘B’ ₱6.48

(b) Holders

The number of shareholders of record as of 31 December 2022 was 417.

Common shares outstanding as of 31 December 2022 were 57,233,019 broken down as follows:

Nationality	Class	No. of Shares	Percentage
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 top 20 stockholders as of 31 December 2022 are as follows:

	Shareholder	No. of Shares Held	%
1.	Kepwealth, Inc.	30,532,930	53.348
2.	Keppel Corporation Limited	16,894,087	29.518
3.	PCD Nominee Corp. – Filipino	6,400,015	11.182
4.	International Container Terminal Services, Inc,	2,121,287	3.706
5.	PCD Nominee Corp. – Foreign	544,974	0.952
6.	Soh Ngoi May	83,179	0.145
7.	Willy Y. C. Lim	60,175	0.105
8.	Edbert G. Tantuco	50,017	0.087
9.	Emilio C. Tiu	23,238	0.041
10.	National Book Store, Inc.	22,422	0.039
11.	Ang Guan Piao	21,900	0.038
12.	Manolo Z. Alcasabas	21,170	0.037
13.	Willy Yew Chai Lim	20,085	0.035
14.	Yeo Chee Chiow	18,848	0.033
15.	Liwayway Sy	17,938	0.031
16.	Ma. Victoria R. Del Rosario	17,938	0.031
17.	Ramon R. Del Rosario Jr.	17,938	0.031
18.	Dr. Victorino Medrano Jr. &/or Ofelia R. Medrano	13,952	0.024
19.	Procurador General De Padres Franciscano de Manila	11,211	0.020
20.	Josefina Tengco Reyes	11,211	0.020

(c) Dividends

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 (BOD) 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. Details of cash dividend 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%

(d) Recent Sales of Unregistered Securities

There has been no sale of securities within the past three years which were not registered under the Securities Regulation Code (SRC). Neither is there any claim for exemption from registration made by the Company.

6 - Management's Discussion and Analysis

Results for the Year

Year Ended 2022

Keppel Philippines Holdings, Inc. (KPH) and its subsidiaries (the "Company") recorded a net income of ₱12.2 million in 2022, ₱269.2 million in 2021, and ₱26.1million 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 ₱16.8 million in 2022, ₱9.6 million in 2021, and ₱12.1 million in 2020. The interest earned from loans amounted to ₱10.1 million in 2022, ₱8.6 million in 2021, and ₱11.3 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 ₱100 million. Outstanding loan receivable of ₱340 million were fully paid in November 2022. On the other hand, interest from short-term deposits and T-bills amounted to ₱6.7 million in 2022 and ₱0.9 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 ₱11.2 million as against ₱9.1 million in 2021 and ₱33.3 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 KPMI. 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 ₱10.0 million, as against ₱6.7 million and ₱7.6 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 ₱7.0 million, ₱7.5 million and ₱8.7 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 KPMI, KSSI and the Parent Company. Payroll service fees earned for the year 2022 amounted ₱3.4 million as against ₱3.6 million in 2021 and ₱1.1 million in 2020. The agreement was terminated in November 2022.

Management fees charged to related parties amounted to ₱1.6 million in 2022 as against ₱0.8 million from 2021 to 2020. The increase of ₱0.8 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 ₱345.6 million. The right was sold to a non-related third-party buyer for a gross price of ₱358.6 million. Cash deposit to the Supreme Court of ₱4.1 million, related legal expenses of ₱1.8 million, and commission expense of ₱7.2 million incurred and paid in 2021, were applied against the gross price resulting to net gain of ₱345.6 million. There is no similar transaction in 2022.

Operating expenses amounted to ₱29.0 million, ₱22.0 million, and ₱24.9 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 ₱4.7 million in 2021 as against provision of ₱1.7 million this year. There was also increase in maintenance expenses relating to various payroll services in 2022 of ₱1.6 million as against ₱1.2 and ₱0.2 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 ₱14.0 million in 2022, ₱9.0 million in 2021, and loss of ₱2.0 million in 2020. The Company also recognized gain on remeasurement of retirement benefits assets based on retirement actuarial retirement plan amounting to ₱1.7 million in 2022, ₱2.0 million in 2021 and loss in 2020 of ₱1.1 million.

Financial Condition

The cash position of the Company for the year ended 31 December 2022 amounted to ₱583.0 million as against the same period last year of ₱341.1 million. The increase of ₱241.9 million was from net loan collected/granted of ₱240.0 million, interest received from short-term deposits and loan receivable of ₱15.1 million, cash dividend received of ₱7.0 million and net proceeds from disposal of fixed asset of ₱3.4 million. This was partially offset by net cash absorbed by operation of ₱7.4 million, cash dividend paid of ₱15.6 million, buy-back of treasury shares of ₱0.7 million, income tax paid of ₱0.4 million, and purchase of office equipment of ₱0.3 million.

Total receivables both current and non-current this year amounted to ₱29.8 million from ₱272.5 million as of last year. The net decrease of ₱242.7 million was due mainly to the repayment of loan by a related party amounting to ₱240 million.

Other current assets decreased from ₱1.7 million to ₱0.8 million this year. The decrease was due to higher provision for impairment of creditable withholding tax of ₱1.6 million and input VAT of ₱0.1 million this year. While in 2021, there was net recovery of ₱4.6 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 ₱58.0 million and ₱44.0 million, respectively.

Investment in an associate increased from ₱418.2 million in 2021 to ₱421.2 million this year. The net increase was due to equity share in net income of CLI of ₱10.0 million reduced by the cash dividend received this year amounting to ₱7.0 million.

Investment properties, Property and equipment and Intangible assets – net of depreciation and amortization as of 2022 amounted to ₱208.4 million as against ₱212.9 million in 2021. The decrease was due to the disposal of computer hardware and software related to the payroll system amounting to ₱4.5 million.

Total liabilities slightly increased from ₱4.9 million in 2021 to ₱5.1 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 ₱1,297.2 million and ₱1,285.6 million in December 2021. Retained earnings amounted to ₱761.4 million as of December 2022 as compared to ₱762.6 million in December 2021. The decrease in retained earnings was due to lower net income after non-controlling interests of ₱4.5 million partially offset by cash dividend of ₱5.7 million. The Company also had unrealized gain on fair value of financial asset at fair value through other comprehensive income of ₱14.0 million and remeasurement gain on retirement benefits ₱1.7 million. The Company also bought back its own shares amounting to ₱0.7 million. Non-controlling interest of minority shareholders also recognized ₱7.7 million shares in the net income of the Company and received dividends of ₱9.9 million.

The equity attributable to equity holders of the parent amounted to ₱942.0 million and ₱928.2 million as of December 2022 and 2021, respectively. The net book value per share as of December 2022 was ₱16.46 as against December 2021 of ₱16.19. The earnings per share attributable to the equity holders of the parent as of December 2022 and 2021 were ₱0.08 and ₱4.61, respectively.

Year Ended 2021

Keppel Philippines Holdings, Inc. (KPH) and its subsidiaries (the "Company") recorded a net income of ₱269.2 million in 2021, ₱26.1 million in 2020, and ₱26.6 million in 2019. The reasons for the changes in net income are as follows:

The Company earned ₱345.6 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 ₱358.6 million. Cash deposit to the Supreme Court of ₱4.1 million, related legal expenses of ₱1.8 million, and commission expense of ₱7.2 million incurred and paid in 2021, were applied against the gross price resulting to net gain of ₱345.6 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 ₱9.6 million in 2021, ₱12.1 million in 2020, and ₱18.3 million in 2019. The interest earned from the loans granted to a related company amounted to ₱8.6 million in 2021, ₱11.3 million in 2020, and ₱16.5 million in 2019. The decrease in 2021 was due repayment of ₱10.0 million loans 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 ₱0.9 million both in 2021 and 2020 and ₱1.8 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 ₱9.1 million as against rental revenue of ₱33.3 million and ₱28.5 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 ₱9.1 million as against as against ₱10.7 million in 2020 and P13.2 million in 2019.

The decrease of ₱1.6 million from 2020 to 2021 and ₱2.5 million from 2019 to 2020 was due to the concessions given to KPMI 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 KPMI. 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 ₱6.7 million, as against ₱7.6 million and ₱8.9 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 ₱7.5 million, ₱8.7 million and ₱10.5 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 KPMI, KSSI and the Parent Company. Payroll service fees earned for the year 2021 amounted to ₱3.6 million as against in 2020 of ₱1.1 million.

Management fees charged to related parties amounted to ₱0.8 million from 2019 to 2021.

Operating expenses amounted to ₱22.0 million, ₱24.9 million, and ₱27.8 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 ₱9.0 million in 2021, loss of ₱2.0 million in 2020 and gain of ₱2.0 million in 2019. The Company recognized gain of ₱2.0 million in 2021, loss in 2020 of ₱1.1 million and gain in 2019 of ₱0.2 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 ₱341.1 million as against the same period last year of ₱80.4 million. The increase of ₱260.7 million was from the proceeds from the sale of land rights in a property in Bauan, Batangas of ₱349.6 million, principal payment of loan of ₱10.0 million, interest received from short-term loans of ₱8.5 million and cash dividend received of ₱7.5 million. This was partially offset by payment of income tax relating to the sale of land rights of ₱56.9 million, cash dividend paid to shareholder of ₱15.7 million, acquisition of office equipment and software of ₱1.7 million, and purchase of treasury shares of ₱1.7 million.

Total receivables both current and non-current this year amounted to ₱272.5 million as against last year of ₱282.6 million. The net decrease of ₱10.1 million was due mainly to the repayment of loan by a related party amounting to ₱10.0 million.

Other current assets increased from ₱0.4 million to ₱1.7 million this year. The increase was due to higher creditable withholding tax, input VAT both net of provisions and prepaid expenses. The ₱6.0 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 ₱44.0 million and ₱35.0 million, respectively.

Investment in an associate decreased from ₱419.1 million in 2020 to ₱418.2 million this year. The net decrease was due to equity share in net income of CLI of ₱6.7 million reduced by the cash dividend received this year amounting to ₱7.5 million.

Investment properties, Property and equipment and Intangible assets – net of depreciation and amortization as of 2021 amounted to ₱212.9 million same in 2020. Total acquisition of equipment and payroll application for the payroll system upgrade for the year amounted to ₱1.7 million almost same amount of depreciation for the year.

Total liabilities decreased from ₱11.8 million in 2020 to ₱4.9 million this year. The decrease of ₱6.9 million was due to return of security deposits of ₱2.6 million, advance rentals of ₱0.5 million, adjustment and payment of retirement liability of ₱1.7 million, decrease in tax payable of ₱0.1 million and net decrease in accrued operating expenses and other payables of ₱2.0 million

Total equity as of 31 December 2021 amounted to ₱1,285.6 million and ₱1,022.7 million in December 2020. Retained earnings amounted to ₱762.6 million as of December 2021 as compared to ₱503.7 million in December 2020. The increase in retained earnings was due to higher net income after non-controlling interests of ₱264.6 million partially offset by cash dividend of ₱5.8 million. The Company also had unrealized gain on fair value of financial asset at fair value through other comprehensive income of ₱9.0 million and remeasurement gain on retirement benefits ₱2.0 million. The Company also bought back its own shares amounting to ₱1.7 million. Non-controlling interest of minority shareholders also recognized ₱4.6 million share in the net income of the Company and received dividends of ₱9.9 million.

The equity attributable to equity holders of the parent amounted to ₱928.2 million and ₱660.0 million as of December 2021 and 2020, respectively. The net book value per share as of December 2021 was ₱16.19 as against December 2020 of ₱11.45. The earnings per share attributable to the equity holders of the parent as of December 2021 and 2020 were ₱4.61 and ₱0.35, respectively.

Year Ended 2020

Keppel Philippines Holdings, Inc. (KPH) and its subsidiaries (the "Company") recorded a net income of ₱26.1 million in 2020, ₱26.6 million in 2019, and ₱14.2 million in 2018. The reasons for the changes in net income are as follows:

Rental revenue for the year 2020 amounted to ₱33.3 million as against rental revenue of ₱28.5 million and ₱22.7 million in 2019 and 2018, respectively. Lease of properties to third parties contributed to the increase in rental revenue which amounted to ₱22.7 million in 2020, ₱15.3 million in 2019 and ₱9.5 million in 2018. Rental revenue from affiliates amounted to ₱10.7 million in 2020 as against ₱13.2 million both for 2019 and 2018. The ₱2.5 million or 18.9% decrease in rental revenue from the affiliates was due to 25% rental rebates given to KPMI 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 ₱12.1 million in 2020, ₱18.3 million in 2019, and ₱12.2 million in 2018. The interest earned from the loans granted to a related company amounted to ₱11.3 million in 2020, ₱16.5 million in 2019, and ₱10.7 million in 2018. The decrease in 2020 was due repayment of ₱22.0 million loans 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 ₱0.9 million, ₱1.8 million, and ₱1.5 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 ₱7.6 million, as against ₱8.9 million and ₱10.0 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 ₱8.7 million in 2020, ₱10.5 million in 2019 and ₱8.7 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 ₱0.6 million and ₱0.5 million, respectively.

Management fees charged to related parties amounted to ₱0.8 million from 2018 to 2020.

In 2018, the Company realized a gain on the sale of investment properties of ₱1.9 million from sale of its residential unit at Batangas City. The proceeds received from the sale of properties amounted to ₱2.3 million. There was no sale of investment property in 2020 and 2019.

Operating expenses amounted to ₱24.9 million, ₱27.8 million, and ₱31.4 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 ₱2.0 million in 2020 as against fair value gain of ₱2.0 million in 2019 and ₱15.0 million in 2018. The Company also recognized ₱1.1 million and ₱0.2 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 ₱80.4 million as against the same period last year of ₱50.7 million. The increase of ₱29.7 million was brought mainly by net cash provided by the operating activities of ₱12.5 million, collection of loan of ₱22.0 million, interest income received from loans of ₱11.5 million, and receipt of dividends from CLI of ₱8.7 million. This was partially offset by payment of dividends of ₱15.4 million, purchase of equipment and systems application and deposits of ₱8.6 million and buy-back of shares of ₱1.0 million.

Total receivables both current and non-current this year amounted to ₱282.6 million as against last year of ₱306.2 million. The net decrease of ₱23.6 million was brought by repayment of loan amounting to ₱22.0 million and ₱1.8 million from lease rentals, interest receivable from bank deposits and loans and write-off of allowance.

Other current assets decreased from ₱0.5 million to ₱0.4 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 ₱35.0 million and ₱37.0 million, respectively.

Investment in an associate decreased from ₱420.2 million in 2019 to ₱419.1 million this year. The net decrease was due to equity share in net income of CLI of ₱7.6 million reduced by the cash dividend received this year amounting to ₱8.7 million.

Investment properties, Property and equipment and Intangible assets increased from ₱205.5 million in 2019 to ₱212.9 million this period. This was brought by acquisition of equipment and payroll application for the payroll system upgrade of ₱8.6 million and net of accumulated depreciation of ₱1.2 million.

Total liabilities increased from ₱8.7 million in 2019 to ₱11.8 million this year. The increase of ₱3.1 million was due to net increase in accrued operating expenses and other payables of ₱0.3 million, increase in refundable security deposits of ₱1.4 million, retirement benefit liability of ₱1.7 million, and decrease in tax liabilities of ₱0.3 million.

Total equity as of 31 December 2020 amounted to ₱1,022.7 million and ₱1,016.1 million in December 2019. Retained earnings amounted to ₱503.7 million as of December 2020 as compared to ₱489.3 million in December 2019. The increase in retained earnings was due to higher net income after non-controlling interests of ₱20.2 million partially offset by cash dividend of ₱5.8 million. The Company also had unrealized loss on fair value of financial asset at fair value through other comprehensive income of ₱2.0 million and remeasurement loss on retirement benefits ₱1.1 million. Non-controlling interest of minority shareholders also recognized ₱5.9 million shares in the net income of the Company and received dividends of ₱9.7 million.

The equity attributable to equity holders of the parent amounted to ₱660.0 million and ₱649.6 million as of December 2020 and 2019, respectively. The net book value per share as of December 2020 was ₱11.45 as against December 2019 of ₱11.24. The earnings per share attributable to the equity holders of the parent as of December 2020 and 2019 were ₱0.35 and ₱0.32, respectively.

Plan of Action for 2023

KPH shall focus on maintaining and adding value on its investment properties. The strategies may include, among others, the purchase of shares of stock, purchase of additional investment properties, and 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 are follows:

Particulars	**2022**	**2021**	**2020**
Current Ratio (Current Assets/Current Liabilities)	186.78	172.71	38.37
Acid Test Ratio or Quick Ratio (Monetary Current Assets/Current Liabilities)	186.52	172.20	38.33
Solvency Ratio (Net Income + Depreciation)/Total Liabilities	2.67	55.35	2.31
Debt to Equity Ratio (Total Liabilities/Stockholders' Equity)	0.004	0.004	0.01
Assets to Equity Ratio	1.00	1.00	1.01
Debt Ratio (Total Liabilities/Total Assets)	0.004	0.004	0.01
Return on Assets (%) (Net Income/Total Assets)	0.94	20.86	2.53
Return on Equity (%) (Net Income/Stockholders' Equity)	0.94	20.94	2.56
Net Profit Margin (%) (Net Income/Total Revenues	28.15	71.53	46.48
Earnings per Share Attributable to Equity Holders of Parent (₱)	0.08	4.61	0.35
Book Value per Share Attributable to Equity Holders of Parent (₱)	16.46	16.19	11.45

There are no known events that may trigger direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation that was not disclosed. There are no material off-balance sheet transactions, obligations (including contingent obligations), and other relationships of the Company with unsolicited entities or other persons created during the reporting period that has not been disclosed. The Company has no material commitment for capital expenditures for the next twelve (12) months that would need to raise or generate funds for.

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, it's 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 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.

7 - Financial Statements

The audited consolidated financial statements as of and for the year ended 31 December 2022 and schedules listed in the accompanying Index to Financial Statements and Supplementary Schedules are filed as part of this Form 17-A.

The financial statements attached to the report include the audited statements of financial position, statements of income, statements of comprehensive income, statements of changes in stockholders' equity, statements of cash flows and notes to the financial statements. Such reports form part of the attachment to the SEC Annual Report Form 17-A.

8 - Information on Independent Accountants and Other Related Matters

(a) External Audit Fees and Services

(i) Audit and Related Fees – For 2022, the Company appointed Isla Lipana & Co. (PwC) to audit the current year's financial statements. The aggregate fee billed by Isla Lipana for the audit of the Company's annual financial statements was ₱0.6 million in 2022 and ₱0.5 million from 2020 to 2021. There were no other services performed by Isla Lipana for during the last three (3) 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.

(ii) Tax Fees –No tax fees were paid for the years 2022 and 2020. Tax service fee amounting to ₱0.5 million in relation to services for tax case of GMRI with the BIR for the year 2017 was paid to Isla Lipana & Co. in 2021. This tax case was terminated and closed in March 2022.

(iii) Other Fees – No other fees were paid for the years 2022, 2021, and 2020.

(iv) Audit, Risk and 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.

(b) Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

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 auditing scope or procedure.

PART III – CONTROL AND COMPENSATION INFORMATION

9 – Directors and Executive Officers of the Issuer

(a) Directors, Including Independent Directors, and Executive Officers

There are seven (7) members of the Board, three (3) of whom are independent directors. The term of office of each member is one (1) year and the members 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. A director who is elected to fill any vacancy holds office for the unexpired portion of the term of his predecessor.

The current members of the Board of Directors are the following:

Board of Directors

(i) **Kevin Chng Chee Keong**, 50, Singaporean, has been the Chairman of the Board since 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).

(ii) **Alan I. Claveria**, 51, Filipino, has been the President and regular Director of the Company since 14 September 2017. Prior to his appointment, he was the Senior Manager, Administration and Corporate Affairs of Keppel Philippines Marine, Inc. 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.

(iii) **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.

(iv) **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 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.

(v) **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.

(vi) **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.

(vii) **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 KPH 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.

Executive Officers

(i) **Alan I. Claveria** – President - (See foregoing Director's profile)

(ii) **Felicidad V. Razon,** Vice President/Treasurer – (See foregoing Director's profile)

(iii) **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 has more than 36 years of working experience in her field of profession as a lawyer.

(iv) **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 Philippines Bar in 2008.

(b) Significant Employees

There are no employees other than the officers mentioned in the preceding subsection who are expected to make a significant contribution to the business.

(c) Family Relationship

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

(d) Involvement in Certain Legal Proceedings

To the knowledge and/or information of the Company, none of the directors and officers was involved in any bankruptcy proceedings during the last five (5) years. Neither have they been convicted by final judgment in any criminal proceedings, or been subjected to any order, judgment, or decree of any court of 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 or regulation.

10 - Executive Compensation

As the Company is an investment holding company, it has three (3) senior officers, namely the President, Vice President/Treasurer, and Internal Audit and Risk Manager.

The total aggregate compensation (inclusive of perquisites and other personal 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:

Description	Year	Salary (in Php)	Bonus	Other Annual 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 Officers & Directors as a Group	2023 Estimate	9,478,000	None	None
	2022	9,288,000	None	None
	2021	9,105,000	None	None

Under the Company's By-Laws, directors shall receive such compensation for their services from time to time as maybe fixed by the stockholders. There are no warrants or options held by the Company's officers and directors. The Company does not have any other arrangements pursuant to which any director is compensated directly or indirectly for any service provided as a director. There are also no special employment contracts with executive officers of the Company. The Company has no existing options, warrants or rights to purchase any securities.

11 - Security Ownership of Certain Record and Beneficial Owners and Management

Security Ownership of Certain Record and Beneficial Owners

As of 31 December 2022, the Company knows of no one who beneficially owns in excess of 5% of the Company's common stock except as set forth in the table below:

Title of Class	Name, Address of Record/ Beneficial Owner	Name of Beneficial Owner & Relationship with Record Owner	Citizenship	No. of Shares Held	Percent of Class
Common	Kepwealth, Inc. [1] Unit 3B, Country Space 1 Bldg. 133 Sen. Gil J. Puyat Ave., Salcedo Village, Brgy. Bel-Air, Makati City	Alan I. Claveria (Director)	Filipino	'A': 28,817,182 'B': 1,715,748 30,532,930	53.35
Common	Keppel Corporation Ltd. [2] 1 Harbour Front Ave., #18-01 Keppel Bay Tower, Singapore 098632	Chng Chee Keong (Director)	Singaporean	'B': 16,894,087	29.52
Common	PCD Nominee Corp. [3] 37/F Enterprise Bldg., Ayala Avenue, Makati City		Filipino Filipino Foreign	'A': 4,381,169 'B': 2,018,846 'B': 544,974 6,944,989	12.13

1. *Kepwealth, Inc. is majority-owned by Kepventure, Inc. The Chairman, or in his absence, the President of Kepwealth, Inc. is duly authorized as proxy to vote in the shares of Kepwealth, Inc. in the Company.*

2. *Keppel Corporation Ltd. (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.*

3. *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 owner's 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.*

Security Ownership of Management as of 31 December 2022

Title of Class	Name of Beneficial Owner	Amount and Nature of Beneficial Ownership	Citizenship	Percent of Class
Common	Chng Chee Keong / Chairman / Director	'B': 1(r)	Singaporean	-
	Alan I. Claveria / President/Director	'A': 38(r)	Filipino	-
	Celso P. Vivas / Lead Independent Director	'A': 1(r)	Filipino	-
	Ramon J. Abejuela / Independent Director	'A': 1(r)	Filipino	-
	Leonardo R. Arguelles / Independent Director	'B': 1(r)	Filipino	-
	Stefan Tong Wai Mun / Director	'B': 1(r)	Malaysian	-
	Felicidad V. Razon / Vice President/Treasurer /Director	'A': 1(r)	Filipino	-
	Maria Melva E. Valdez / Corporate Secretary	-	Filipino	-
	Pamela Ann T. Cayabyab/ Asst. Corp. Sec.	-	Filipino	-
		'A':41; 'B':3		

Free float level

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 31 December 2022.

12 - Certain Relationships and Related Transactions

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

Related party	Notes	Transactions 2022	Transactions 2021	Transactions 2020	Outstanding receivable (payable) 2022	Outstanding receivable (payable) 2021	Terms and conditions
Entities under common control							
Loans (a)							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.
KPMI							
Principal	3	(240,000,000)	(10,000,000)	(22,000,000)	-	240,000,000	
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							Outstanding balance is to be applied on the last monthly rental at end of lease term, is non-interest bearing and unsecured.
KPMI		*	175,363	-	(93,982)	(269,345)	
KIVI		-	-	-	(25,000)	(25,000)	
KECI		-	-	-	(10,000)	(10,000)	
	7, 10	-	175,363	-	(128,892)	(304,345)	
Refundable deposits							Outstanding balance is payable in cash within 60 days from end of lease term, non-interest bearing and unsecured.
KPMI	7	-	175,363	-	(93,982)	(269,346)	
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 Enterprises 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	

Related party	Notes	Transactions 2022	2021	2020	Outstanding receivable (payable) 2022	2021	Terms and conditions
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							Outstanding balance is payable in cash on pay-out date as approved by the Parent Company's BOD, non-interest bearing and unsecured.
Kepwealth, Inc.		3,053,293	3,053,293	3,053,293	-	-	
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)							Outstanding balance is collectible in cash on demand, non-interest bearing and unsecured.
KCL		221,100	78,811	-	-	-	
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		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. 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 ₱2.7 million in 2021 (2020 - ₱2.6 million). 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 ₱2.5 million in 2020. There were no such expenses in 2022 and 2021.

In June 2021, the Company paid commission to KPMI related to the sale of interests in land rights amounting to ₱7.2 million.

(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 Bay Philippines Holdings Corp., an entity under common control, with monthly fee of ₱55,000 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.

(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 earned amounted to ₱1.1 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 improvements in a piece of land at Bauan, Batangas with the Company earning a 2% share in the sale. The income earned amounted to ₱0.8 million in 2021.

PART IV - CORPORATE GOVERNANCE

13 – Corporate Governance

Per SEC Memorandum Circular No. 15, Series of 2017 and SEC Memorandum Circular No. 10, Series of 2019, publicly listed companies such as KPH is required to submit an Integrated Annual Corporate Governance Report (I-ACGR). The Company e-filed its I-ACGR for year 2021 on 30 May 2022 and its apostilled copy on 13 June 2022 There was no Advisement Report in 2022 since there was no material transaction reaching 10%-of-total-assets limit.

PART V - EXHIBITS AND SCHEDULES

14 - Exhibits and Reports on SEC Form 17-C

(a) **Exhibits** – See accompanying Index to Exhibits

(b) **Reports on SEC Form 17-C** – The Company has filed all reports on Form 17-C (Current Report) on matters needed in compliance with the SEC's SRC during the fiscal year 2022 as follows:

11 Jan 2022	Change of fax number and email address of the Company
12 Jan 2022	Share buy-back of 20,000 KPH and 500 KPHB shares
13 Jan 2022	Share buy-back of 26,900 KPH shares
14 Jan 2022	Share buy-back of 300 KPH shares
25 Jan 2022	Share buy-back of 300 KPH shares
28 Jan 2022	Results of Board of Directors Meeting – 28 January 2022 • Approval of KPH's 2021 Audited Financial Statements (AFS) for the year ended 31 December 2021and release of said AFS
18 Feb 2022	Results of Board of Directors Meetings – 18 February 2022 • Re-appointment of External Auditor for 2022 • Approval of Y2021 SEC Form 17A (Annual Report) and the Release Thereof • Setting of the Annual Meeting of Stockholders and Record Date
28 Feb 2022	Share buy-back of 100 KPH Shares
23 Mar 2022	Share buy-back of 200 KPH shares
30 Mar 2022	Share buy-back of 1,600 KPH shares
4 Apr 2022	Share buy-back of 100 KPH shares
12 Apr 2022	Share buy-back of 10,000 KPHB shares
6 May 2022	Share buy-back of 2,000 KPHB shares
6 May 2022	Results of Board of Directors Meeting – Change of Record Date of Annual Meeting
6 May 2022	Details of the Annual Meeting
16 May 2022	Share buy-back of 300 KPH Shares
17 May 2022	Share buy-back of 20,000 KPHB shares
3 June 2022	Share buy-back of 15,100 KPH Shares
17 June 2022	Results of Board of Directors Meeting – 17 June 2022 • Approval of Directors' Remuneration for 2021 • Declaration of Cash Dividend - declaration of 10% or ₱0.10 per share cash dividend to all stockholders of record of the Company as of 7 July 2022 to be paid on or before 31 July 2022 • Amendment to By-laws
17 June 2022	Results of the Annual Stockholders' Meeting - 17 June 2022 • Appointment of External Auditor, Isla Lipana & Co. (PwC) for the financial year 2022 • Election of Directors for year 2022 - 2023 • Approval of the Corporation's Audited Financial Statements for the year ended 31 December 2021 • Approval of Directors' Annual Remuneration of ₱74,000 for 2021
17 June 2022	Results of Organizational Meeting – 17 June 2022 • Election of Officers for the ensuing year 2022 - 2023 • Appointment of chairman, members of the various committees and compliance officer/corporate information officer
21 June 2022	Share buy-back of 100 KPHB shares
22 June 2022	Share buy-back of 5,900 KPHB shares
28 June 2022	Share buy-back of 200 KPH shares
29 June 2022	Share buy-back of 300 KPH shares
30 June 2022	Share buy-back of 100 KPH shares
4 July 2022	Amended buy-back of 300 KPH shares on 29 June 2022 should be KPHB shares
4 July 2022	Amended buy-back of 100 KPH shares on 30 June 2022 (amended number of KPHB shares)
21 July 2022	Share buy-back of 5,400 KPH shares

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 SEC Form 17-A shall be addressed as follows:

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

Attn: The Corporate Secretary

SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of PASIG CITY on APR 13 2023

KEPPEL PHILIPPINES HOLDINGS, INC.
Issuer

By:

Alan I. Claveria
President

Felicidad V. Razon
Vice President / Treasurer

Maria Melva. E. Valdez
Corporate Secretary

SUBSCRIBED AND SWORN to before me this APR 13 2023 day of ________ 2023; affiants exhibiting to me their Tax Identification Numbers (TIN), as follows:

Names	Tax Identification Numbers
Alan I. Claveria	125-165-720
Felicidad V. Razon	112-942-756
Maria Melva E. Valdez	123-493-209

ATTY. ANTONIO B. BETITO
Notary Public-Pasig City
Commission No. 97(2023-2024)
709 Mega Plaza, ADB Ave., Pasig City
Attorney's Roll No. 27614
IBP No. 256460/12/30/22Rizal
PTR No. 8979008/1/03/23/Pasig City
MCLE Compliance No. VII-0008638
April 14, 2025

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Series of 2023.

COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

6	2	5	9	6						

COMPANY NAME

KEPPEL PHILIPPINES HOLDINGS
INC. & SUBSIDIARIES

PRINCIPAL OFFICE (No./Street/Barangay/City/Town/Province)

UNIT 3-B COUNTRY SPACE 1
BUILDING, 133 SEN. GIL PUYAT
AVENUE, SALCEDO VILLAGE,
BARANGAY BEL-AIR, MAKATI CITY

Form Type	Department requiring the report	Secondary License Type, if Applicable
AAFS		

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
info@keppelph.com	**02-88921820**	

No. of Stockholders	Annual Meeting (Month/Day)	Fiscal Year (Month/Day)
417 as of 31 Dec 2022	**Any Day in June**	**December 31**

CONTACT PERSON INFORMATION

The designated contact person *MUST* be an Officer of the Corporation

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Felicidad V. Razon	**info@keppelph.com**	**02-88921820**	

CONTACT PERSON's ADDRESS

Unit 3-B Country Space 1 Building, 133 Sen. Gil Puyat Avenue, Salcedo Village, Barangay Bel-Air, Makati City

Note 1: In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.

Note 2: All boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.

Keppel Philippines

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

Tel : (632) 8892 1816
(632)88921820to24
Fax : (632) 8815 2581
E-mail: info@keppelph.com
Web : www.keppelph.com

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

NOTARY PUBLIC
Yee May Kuen
Peggy Sarah
NP2022/0530
1 Oct 2022 – 30 Sep 2023
SINGAPORE

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

NOTARY PUBLIC
Yee May Kuen
Peggy Sarah
NP2022/0530
1 Oct 2022 - 30 Sep 2023
SINGAPORE

REPUBLIC OF SINGAPORE
NOTARY PUBLIC

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:** Melissa.

CERTIFICATION SEAL

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:

NAME	TIN
ALAN I. CLAVERIA	127-165-720
FELICIDAD V. RAZON	112-942-756

NOTARY PUBLIC

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

Doc No. 372
Page No. 76
Book No. 3
Series of 2023.

Isla Lipana & Co.

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

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
Assessment of recoverability of investment properties 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. 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.	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.

Key Audit Matters	How our Audit Addressed the Key Audit Matter
	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: • 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. We also verified the independence and competency of the third-party appraiser by examining their qualifications, experiences, and business relationship with the Group. The results of procedures performed and discussions with management did not note any indicators of impairment as at December 31, 2022.

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.

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.

- 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.

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.

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

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
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 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
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

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
ASSETS			
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
LIABILITIES AND EQUITY			
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)

		Attributable to equity holders of the parent								
	Notes	**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)**	**Total**	**Non-controlling interests (Note 22.2)**	**Total equity**
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
	583,003,831	341,097,007

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
		29,797,859	272,547,620
Less: Non-current portion of lease receivables		27,070,872	28,310,387
		2,726,987	244,237,233

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:

		Transactions			Outstanding receivable (payable)		
Related party	Notes	2022	2021	2020	2022	2021	Terms and conditions
Entities under common control							
Loans (a)							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.
KPMI							
Principal	3	(240,000,000)	(10,000,000)	(22,000,000)	-	240,000,000	
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							Outstanding balance is payable in cash on pay-out date as approved by the Parent Company's BOD, non-interest bearing and unsecured.
Kepwealth, Inc.		3,053,293	3,053,293	3,053,293	-	-	
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 P0.8 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:

		2022		2021	
Year incurred	Expiry year	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 P0.07 million and P0.06 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:

	Range of inputs		Relationship of unobservable
Unobservable inputs	2022	2021	inputs to fair value
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 waver 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.

<u>Assessment of control</u>

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

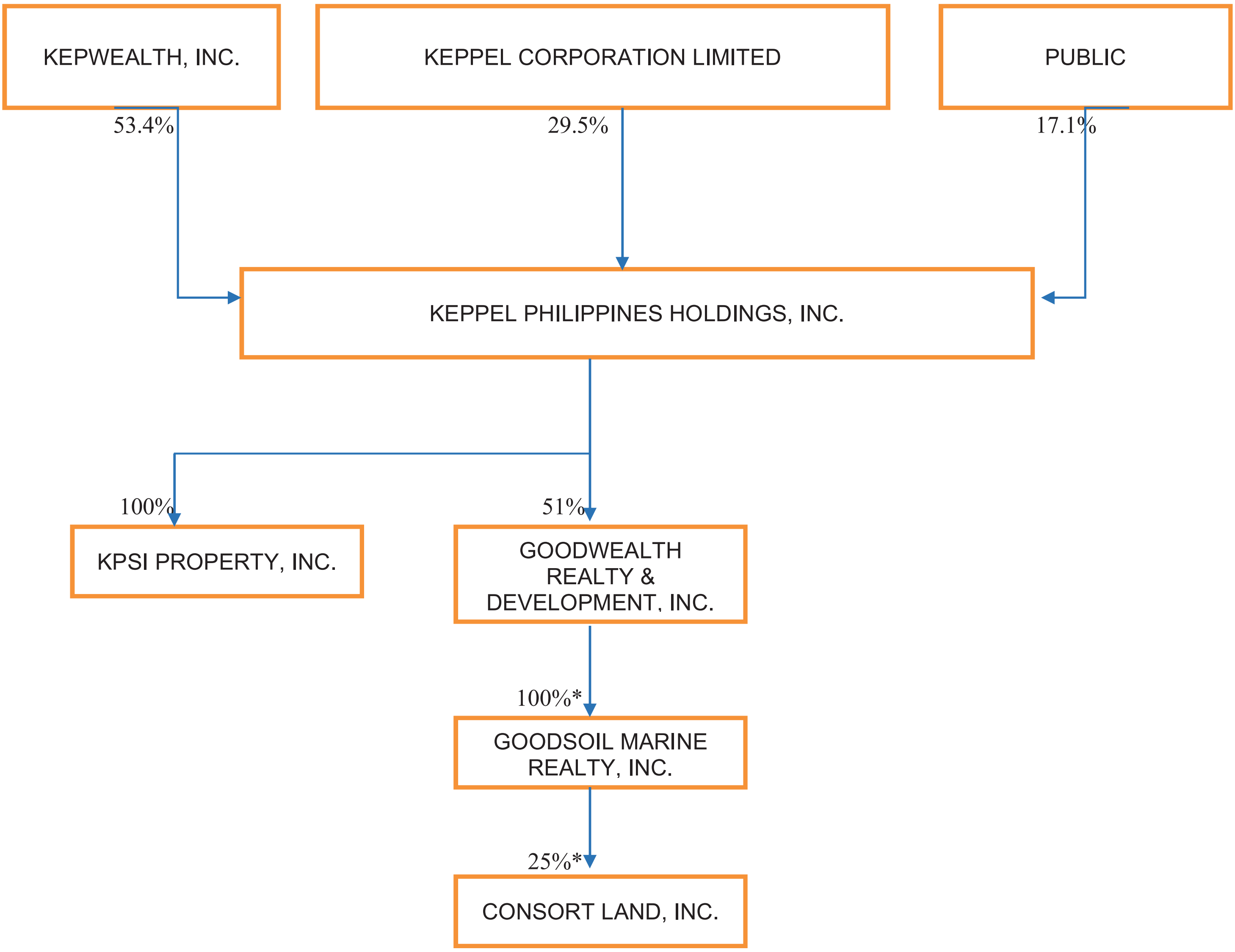
Items included in the consolidated financial statements of the Group are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Philippine Peso, which is the Group's functional and 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			
	Divided by: Total shares outstanding	57,233,019	16.46	16.19	11.45
	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: Amount collected	Deductions: Amount written-off	Current	Non-current	Ending balance
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	Number of shares held by Directors, officers, and employees	Number of shares held by 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	-	
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	-	
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	(723,531)	
		(6,447,373)
Total retained earnings, available for dividend, end		469,526,164

Keppel Philippines Holdings, Inc.
Sustainability Report 2022

Contextual Information

Disclosure	Amount
Name of Organization	Keppel Philippines Holdings, Inc.
Location of Headquarters	Unit 3-B Country Space 1 Buildings, 133 Sen. Gil Puyat Avenue, Salcedo Village, Makati City, Philippines
Location of Operations	Makati City and Province of Batangas
Report Boundary: Legal entities (e.g. subsidiaries) included in this report	This report covers Keppel Philippines Holdings, Inc. (KPHI), the holding company, and its subsidiaries, namely, KPSI Property, Inc., Goodwealth Realty Development, Inc. and Goodsoil Marine Realty, Inc.
Business Model, including Primary Activities, Brands, and Services	Investment holdings and real estate
Reporting Period	1 January 2022 to 31 December 2022
Highest Ranking Person responsible for this report	Alan I. Claveria, President

Materiality Process

Explain how you applied the materiality principle (or the materiality process) in identifying your material topics.
The assessment of material topics was guided by the Global Reporting Initiative (GRI) principles for defining report content in terms of significant economic, environmental, and social impacts and information that would substantively influence the assessments and decisions of our stakeholders. The AccountAbility AA100 Standard 5-part materiality test was also used to identify material issues relevant to (1) direct short-term financial performance, (2) the company's ability to deliver on its strategies and policies, (3) best practice norms exhibited by peers in the industry, (4) stakeholder behavior and concerns, and (5) regulatory or non-regulatory societal norms.

Sustainability Framework

The organization has adopted the Sustainability Framework of the Keppel Group with its three strategic thrusts of (1) Responsible Business; (2) People and Community; and (3) Environmental Stewardship.

RESPONSIBLE BUSINESS	PEOPLE AND COMMUNITY	ENVIRONMENTAL STEWARDSHIP
The sustainability of our business hinges on the adherence to the high standards of good corporate governance and the practice of prudent risk management. Our Board provides the strategic direction and oversight function while growth strategies are driven by the Management and supported by the employees under the risk-centric culture of the organization.	People are the most important asset in the organization. We are committed to growing and nurturing our talent pool to ensure that our employees reach their full potential in a safe, secure and healthy work environment. We also take cognizance of the symbiotic relationship of our business and the community where we operate. We shall initiate, nourish and strengthen partnerships with our stakeholders as we both work towards sustainable and inclusive growth.	As part of Keppel's Vision 2030, we are progressively aligning our portfolio towards sustainable urbanization solutions by evaluating its fit with Keppel's Vision, Mission and ESG goals.

ECONOMIC

Economic Performance
Direct Economic Value Generated and Distributed

Disclosure	Amount (In PhP Mn)	Units
Direct economic value generated (revenue)	₱43.5	PhP
Direct economic value distributed:		
a. Operating costs	10.98	PhP
b. Employee wages and benefits	10.82	PhP
c. Payments to suppliers, other operating costs	2.15	PhP
d. Dividends given to stockholders and interest payments to loan providers	15.62	PhP
e. Taxes given to government	5.08	PhP

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
In 2022, all of the economic value generated by the organization was distributed to its stakeholders with a 1:1.02 economic value generation to distribution ratio. 25% of the economic value generated was used to cover operating cost, 25% was paid as employees wages and benefits, 36% was redistributed to stockholders as cash dividends and 12% went back to the government as taxes and fees. This redistribution of economic value by the organization enables its stakeholders to further regenerate and redistribute the economic value in the economic system.	The employees, government and suppliers are impacted by the economic performance of the organization.	The organization ensures that all transactions are properly recorded, audited and reported based on accounting policies and disclosures. Aside from the third line of defense provided by the Internal Auditor as per Internal Audit Standards and the oversight by the Audit, Risk and Compliance Committee, an independent external auditor periodically examines the financial statements.
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
The organization's revenue is derived mostly from rental income from the lease of its real estate properties, interest income from short-term loans extended to other parties and from placement in T-bills and time deposits. Some of these transactions are made with related parties to maximize the synergy within the group. The risk of contractual rates below market with related parties and corruption exists during the generation and distribution of these economic values.	The employees, stockholders and the government stakeholders are affected by the manner by which related party transactions are being conducted by the organizations and how the same are managed and comply with regulatory requirements.	Lease concessions through rebates were no longer extended to a related party during the year as the government has started to ease COVID-19 related restrictions. Despite the National Capital Region (NCR) alert level staying at the lowest level, alert level 1, since March 2022 onwards, KPHI continued to be in close communication with its stakeholders during the

		different alert levels that includes, among others, it's employees, lessees, borrowers, industry regulators, suppliers and service providers. It is the policy of the organization to ensure that every related party transaction is made at arm's length, the terms are fair, and they will inure to the best interest of the company, its shareholders, subsidiaries and affiliates and that they are compliant with legal and regulatory requirements. The Keppel Group of Companies has set out anti-bribery compliance framework, management systems and standards that the organization must adhere to in order to assure the ethical conduct of its business. Whistle-blower and Insider Trading policies are also in place. Employees also undergo periodic anti-bribery and corruption training to underscore the organization's commitment to a zero-tolerance approach towards bribery. In compliance to government proclamations, memorandum, and guidelines and in order to mitigate the risk of spreading COVID-19 in the workplace, KPHI has provided flexible work arrangement to its workforce as the NCR slowly transitioned to a relatively normal business environment and continued to observe health protocols in the workplace to ensure continued business operations.

What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
With the easing of the economy, business enterprises are gradually implementing their business plans and ramping up their operations in anticipation of demand pent up during the 2-year COVID-19 pandemic period. There is opportunity to rent out the medium size office space of its subsidiary in this market environment. Third party tenants that are not related to the Keppel Group still holds an important role in the revenue mix of the organization.	The employees, stockholders and the government stakeholders are impacted as the revenue sources determine the organization's ability to generate and distribute economic value.	The non-exclusive marketing agreement made with a real estate brokerage firm to reach a wider market for the vacant office space have yielded positive result with 100% occupancy of leasable office space of a subsidiary under long term contract The Management shall continue to maximize the lease of its properties and to maintain a healthy mix of revenue source between related and non-related parties.

Climate-related risks and opportunities

The organization shall develop its governance platform, strategies, risk management framework and method of measuring climate-related targets in the succeeding reporting cycle. It shall assess the risks, mitigation strategies and also business opportunities associated with climate change from the Board to the employee ranks. Considering the nature of its business as a holding company with a relatively small environmental footprint and a relatively small number of employees, the organization shall identify climate-related initiatives in the community where it operates with whom it can have a meaningful partnership in climate-related initiatives.

Governance	Strategy	Risk Management	Metrics and Targets
Please refer to the above stated inputs.			
Recommended Disclosures			
Please refer to the above stated inputs.			

Procurement Practices

Proportion of spending on local suppliers

Disclosure	Amount	Units
Percentage of procurement budget used for significant locations of operations that is spent on local suppliers	100	%

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
As a rule, the organization taps the local supply chain, whenever applicable, for its operating requirements.	The selection and awarding process entails interaction between the suppliers and the employees.	Materials and equipment are procured from responsible and reputable vendors. The organization enforces and applies diligence, vetting and

		accreditation process for its suppliers.
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
Although KPHI’s procurement expenditure is relatively small, there remains the risk of awarding contracts to suppliers who may not meet industry standards or may be non-compliant to government regulations, which may negatively impact on the reputation of the organization. Aside from not getting the best value for money, the risk of corruption exists in each procurement transaction.	The choice of supplier and the conduct of the transaction between the supplier's representative and our employees will potentially have an impact to the sustainability of our transactions with the parties. Moreover, the company's brand and reputation will be at stake should there be impropriety in the procurement process and violations of government regulations by the vendor.	The Company implements the Keppel Group’s "Supplier Code of Conduct" which sets out the standard of conduct that the supplier must adhere to. Part of the requirement for supplier accreditation is for the vendor to endorse Keppel’s supplier code of conduct.
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
The supplies needed by the organization can be sourced from Micro, Small and Medium Enterprises (MSME).	MSMEs and their employees as well as the government are stakeholders in the supply chain.	With MSMEs accounting for about 99% of business establishments in the Philippines, KPHI continues to prioritize local suppliers for its requirement so that there will be inclusive economic growth and also for economic value to be distributed back to this growing but vulnerable economic sector. In 2022, all purchases of COVID-19-related Personal Protective Equipment (PPE) and materials (i.e. face mask, face shield, alcohol, SARS-CoV-2 antigen test kits, etc.) were sourced locally.

Anti-corruption

Training on Anti-corruption Policies and Procedures

Disclosure	Quantity	Units
Percentage of employees to whom the organization's anti-corruption policies and procedures have been communicated to	100	%
Percentage of business partners to whom the organization's anti-corruption policies and procedures have been communicated to	100	%
Percentage of directors and management that have received anti-corruption training	100	%
Percentage of employees that have received anti-corruption training	100	%

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
The Company considers integrity and accountability as part of its core values. Everyone is to act ethically and honestly, as everyone in the organization is responsible to all of its stakeholders. The Keppel Group's anti-bribery and corruption policies and procedures are communicated at the Board level, where the tone from the top is set, and at the employee level, where the front liners have operational interactions and transactions with outside parties. It is imperative that all stakeholders understand the importance of conducting corruption-free transactions and in compliance with Keppel's Code of Conduct.	Any violation of anti-bribery policy will impact on the entire Company and its stakeholders.	The Company will continue with its strategy to prevent corruption, fraud, and other unethical or illegal conduct by providing regular training on the subject to its employees and implementing related policies to safeguard the organization and its stockholders' interest against corporate improprieties.
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
The organization shall ensure that these anti-corruption policies and procedures are communicated to its suppliers to avoid exposing the Company's business, resources and reputation at risk.	Aside from the suppliers, their acts and omissions will also impact and imperil the Company's ability to operate its business.	There are no reported incidents of corruption during the reporting period. All suppliers are informed of, required to abide by and to declare acceptance of and adherence to Keppel's Supplier Code of Conduct.

What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
The anti-bribery and corruption program of the Company will enable it to secure best value for its procurement requirements.	The suppliers and employees in the procurement process are key players in the anti-bribery and corruption program.	Management will continue with the training of its employees on policies with regards to anti-bribery and corruption and for vendors' adherence to these policies.

Incidents of Corruption

Disclosure	Quantity	Units
Number of incidents in which directors were removed or disciplined for corruption	0	#
Number of incidents in which employees were dismissed or disciplined for corruption	0	#
Number of incidents when contracts with business partners were terminated due to incidents of corruption	0	#
Number of incidents in which directors were removed or disciplined for corruption	0	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
There are no reported incidents of corruption from the Board to the operations level. The organization has zero tolerance for fraud, bribery, corruption and violation of laws and regulations.	All stakeholders (employees, customers, governments, shareholders and investors, suppliers and local communities) will be affected by the incidence (and even just the perception) of corruption in the organization.	The Company has an annual anti-corruption awareness and training. A Whistle Blower policy is also in place.
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
The risk of corruption is present whenever the members of the organization interacts with its stakeholders.	Same as above.	Same as above.
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
Professionalism, integrity and good governance guide the organization's business philosophy.	Same as above.	The same level of professionalism and ethical tenets shall be present in all instances of the organization's interaction with its stakeholders.

ENVIRONMENT

Resource Management

Energy consumption within the organization:

Disclosure	Quantity	Units
Energy consumption (renewable sources)	0	GJ
Energy consumption (gasoline)	0	GJ
Energy consumption (LPG)	0	GJ
Energy consumption (diesel)	0	GJ
Energy consumption (electricity)	25,011	kWh

Reduction of energy consumption

Disclosure	Quantity	Units
Energy reduction (gasoline)	0	GJ
Energy reduction (LPG)	0	GJ
Energy reduction (diesel)	0	GJ
Energy reduction (electricity)	0	kWh
Energy reduction (gasoline)	0	kWh

What is the impact and where does it occur? What is the organization's involvement in the impact?	**Which stakeholders are affected?**	**Management Approach**
As the organization only consumes energy supplied from the grid through the private electricity distribution utility company, Meralco, for its small office operation, its energy consumption does not have a material impact to the organization and its stakeholders.	N.A.	Although not a material topic, the Management continues with its practice of energy conservation by switching off the office aircon during lunch break and turning off the lights in areas that are not used.
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
N.A.	N.A.	N.A.
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
N.A.	N.A.	N.A.

Water consumption within the organization

Disclosure	Quantity	Units
Water withdrawal	125	Cubic meters
Water consumption	125	Cubic meters
Water recycled and reused	0	Cubic meters

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
As the organization only consumes water drawn from the water concessionaire, Manila Water Co. Inc., for use by its employees at the office, water consumption does not have a material impact to the organization and its stakeholders.	N.A.	Although not a material topic, the Management constantly reminds its employees to conserve water with simple acts such as turning off the faucet when not in use.
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
N.A.	N.A.	N.A.
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
N.A.	N.A.	N.A.

Materials used by the organization

Disclosure	Quantity	Units
Materials used by weight or volume		
• renewable	0	kg/liters
• non-renewable	0	kg/liters
Percentage of recyclable input materials used to manufacture the organization's primary products and services	0	%

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Due to the nature of the business as a holding company, the Company does not have production input materials for it to provide to generate revenue.	N.A.	N.A.
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
N.A.	N.A.	N.A.
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
N.A.	N.A.	N.A.

Ecosystems and biodiversity (whether in upland/watershed or coastal/marine)

Disclosure	Quantity	Units
Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	An associate owns and leases its coastal property along Batangas Bay in the Municipality of Bauan, Province of Batangas.	
Habitats protected or restored	N.A.	ha
IUCN[17] Red List species and national conservation list species with habitats in areas affected by operations	N.A.	

[17] International Union for Conservation of Nature

What is the impact and where does it occur? What is the organization's involvement in the impact?	**Which stakeholders are affected?**	**Management Approach**
The organization leases property(ies) to other parties and has no control over the operations of its lessee. Nonetheless, the tenant of the Batangas property is a member of the Batangas Coastal Resources Foundation, Inc. (BCRMF) that monitors and protects the local coastal environment of Batangas Bay together with the local Philippine Coast Guard (PCG). The lessee is also being regulated and monitored by the Department of Environment and Natural Resources-Environmental Management Bureau (DENR-EMB) Region IV-A. There has been no reported violations or negative findings of its operations.	N.A.	N.A.
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
N.A.	N.A.	N.A.
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
N.A.	N.A.	N.A.

Environmental impact management

Air Emissions

GHG

Disclosure	Quantity	Units
Direct (Scope 1) GHG Emissions	N.A.	Tonnes CO2e
Energy indirect (Scope 2) GHG Emissions	N.A.	Tonnes CO2e
Emissions of ozone-depleting substances (ODS)	N.A.	Tonnes

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
The nature of the organization's business as a holding company does not involve emissions to the environment. Nonetheless, it is noted that the operation of the tenant of its subsidiary is subject to annual testing and monitoring for air quality and submission of a semi-annual Compliance Monitoring Report (CPR) to the DENR-EMB. The lessee has its Permit to Operate for its generator sets. There has been no reported violations or negative findings of its operations.	N.A.	N.A.
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
N.A.	N.A.	N.A.
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
N.A.	N.A.	N.A.

Air pollutants

Disclosure	Quantity	Units
NO_X	N.A.	kg
SO_X	N.A.	kg
Persistent organic pollutants (POPs)	N.A.	kg
Volatile organic compounds (VOCs)	N.A.	kg
Hazardous air pollutants (HAPs)	N.A.	kg
Particulate matter (PM)	N.A.	kg

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Please refer to inputs in the previous section.	N.A.	N.A.
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
N.A.	N.A.	N.A.
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
N.A.	N.A.	N.A.

Solid and Hazardous Wastes

Solid Waste

Disclosure	Quantity	Units
Total solid waste generated	N.A.	kg
Reusable	N.A.	kg
Recyclable	N.A.	kg
Composted	N.A.	kg
Incinerated	N.A.	kg
Residuals/Landfilled	N.A.	kg

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
The nature of the organization's business as a holding company operating from an office space does not involve material amount of solid and hazardous wastes. Nonetheless, it is noted that the tenant of its subsidiary is subject to the regulations and monitoring by DENR-EMB. The tenant submits Self-Monitoring Report to the regulatory agency and is compliant in this regard.	N.A.	N.A.
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
N.A.	N.A.	N.A.
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
N.A.	N.A.	N.A.

Hazardous Waste

Disclosure	Quantity	Units
Total weight of hazardous waste generated	N.A.	kg
Total weight of hazardous waste transported	N.A.	kg

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Please refer to previous section.	N.A.	N.A.
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
N.A.	N.A.	N.A.
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
N.A.	N.A.	N.A.

Effluents

Disclosure	Quantity	Units
Total volume of water discharges	N.A.	Cubic meters
Percent of wastewater recycled	N.A.	%

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
The nature of the organization's business as a holding company operating from a small office space does not generate substantial amount of effluents. Nonetheless, it is noted that the tenant of its subsidiary is subject to the regulations and monitoring by DENR-EMB. A third party contractor regularly samples and analyzes water discharge from the property and certifies it to be compliant as per DENR standard.	N.A.	N.A.
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
N.A.	N.A.	N.A.
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
N.A.	N.A.	N.A.

Environmental compliance

Non-compliance with Environmental Laws and Regulations

Disclosure	Quantity	Units
Total amount of monetary fines for non-compliance with environmental laws and/or regulations	0	PhP
No. of non-monetary sanctions for non-compliance with environmental laws and/or regulations	0	#
No. of cases resolved through dispute resolution mechanism	0	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
N.A.	N.A.	N.A.
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
N.A.	N.A.	N.A.
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
N.A.	N.A.	N.A.

SOCIAL

Employee Management

Employee Hiring and Benefits

Employee data

Disclosure	Quantity	Units
Total number of employees	8	#
a. Number of female employees	5	#
b. Number of male employees	3	#
Attrition rate	25%	rate
Ratio of lowest paid employee against minimum wage	1.15:1.00	ratio

Employee benefits

List of Benefits	Y/N	% of female employees who availed for the year	% of male employees who availed for the year
SSS	Y	40%	0%
PhilHealth	Y	0%	0%
Pag-IBIG	Y	40%	0%
Parental leave			
• Maternity leave	Y	0%	N/A
• Paternity leave	Y	N/A	0%
• Solo parent leave	Y	0%	
Vacation leave	Y	100%	100%
Sick leave	Y	100%	100%
Medical benefits (aside from PhilHealth)	Y	100%	100%
Housing assistance (aside from Pag-IBIG)	N	N/A	N/A
Retirement fund (aside from SSS)	Y	0%	0%
Further education support (i.e. Educ. loan)	Y	20%	33%
Company stock options	N	N/A	N/A
Telecommuting	N	N/A	N/A
Flexible-working Hours	N	100%	100%
(Others) Medical Reimbursement	N	100%	100%

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
The organization provides fair employment benefits with 25% of the economic value generated during the reporting period redistributed as employees' wages and benefit. A corporate wellness program continues to be implemented that includes an annual physical exam for all employees, a vaccination campaign to employees and	The Company shall ensure compliance with labor and employment laws. It shall continue to monitor the impact and measure the effectiveness of the corporate wellness program by reviewing metrics such

family members and sharing of COVID-19 and health alerts from a related party.	as sick leave and medical reimbursements levels. It shall continue to have dialogues with its employees with regards to wages, performance review and the strategic direction of the organization. Talent, performance and training review and monitoring are included under the Workday system for the employees.
What are the Risk/s Identified?	**Management Approach**
The Company's talent pool includes contingent workers whose age are the past retirement age. Majority of its employees now qualifies for early retirement and a number of the workforce are nearing the age of compulsory retirement. At the other end of the spectrum are Millennials. With this talent mix comes the risk employee flight and a "shallow bench" problem that may lead to disruption in the business operations.	The Management reviews succession planning and employee retention strategy while being mindful of the mindset of employees belonging to different generations. It shall also consider tapping the talent pool of other companies under the Keppel Group. The Company shall also work towards a leaner and asset light organization as part of Keppel's strategy for its Vision 2030.
What are the Opportunity/ies Identified?	**Management Approach**
Other Keppel companies in the Philippines have a large talent pool that the company can tap to fill in gaps in its workforce.	Management reaches out to other Keppel business units for excess personnel in their manpower resources that can be transferred or stationed to the company on a short-term or permanent basis should the need arise.

Employee Training and Development

Disclosure	Quantity	Units
Total training hours provided to employees	334.65	hours
a. Female employees	195.15	hours
b. Male employees	139.50	hours
Average training hours provided to employees	41.83	hours/employee
a. Female employees	39.03	hours/employee
b. Male employees	46.50	hours/employee

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
"People-Centredness" is one Keppel's 8 core values. This underscores the basic tenet that people are one of the key drivers to the sustainability of the business. The organization continues to invest in training and development programs for its employees and remains	The Company is committed to growing and nurturing its talent pool to ensure that employees reach their full potential by improving their competency through continuous training and development in their respective field.

committed to nurturing an efficient, well-trained and well-informed team. Employees undergo annual e-training on anti-Bribery and other Keppel Group policies. They are also required to provide an annual declaration of conflict of interest.	During the year, the Keppel Group offered a variety of web-based seminars specially during its Global Learning Festival (July 2022) that included discussions on sustainability, digital transformation, culture of innovation, being agile and climate change, among others, in a post-pandemic environment. The Management continues to identify the training needs of its employees vis-a-vis the strategic direction of the Company and to provide the necessary programs to fill in those training gaps so as to ensure that our employees also grow together with the business. The Company was able to achieve an average of 41.83 training hours per employee during the period.
What are the Risk/s Identified?	**Management Approach**
A lack of awareness and inadequate training may potentially expose the organization to financial reporting risk and occupational health and safety risk.	The Management provides courses and information on the latest regulatory developments, industry standards and practices with regular updates from its external auditors and legal counsels to ensure proper recognition, treatment, recording and disclosure of financial transactions in compliance with the regulatory environment. The Company shares occupational health and safety procedures from a related company that is relevant to the office environment with regular safety alerts and bulletins posted on the office bulletin board and shared through e-mail or WhatsApp. A large part of the alerts pertains to (i) COVID-19 and how to minimize the risk of contracting and spreading this virus during this pandemic as well as (ii) alerts and tips pertaining to workplace safety. It shall continue to identify workplace hazards and risks with constant dialogues with and reminders for the employees. The employees have designated key roles in case of an emergency in the office building. The office takes part in the scheduled earthquake, fire and evacuation drills conducted by the building administration in partnership with the Makati City police and fire departments.

What are the Opportunity/ies Identified?	Management Approach
Online training presents benefits to companies as it provides easy access to a wide-array of subject matter experts at reduced cost. There is also better employee productivity as they need not leave the office and use up time traveling to the training venue.	Despite the ease in COVID-19-related travel restriction and flexible work arrangement during the period, the Company has continued with online learning as the preferred and safest mode of training for the organization.

Labor-Management Relations

Disclosure	Quantity	Units
% of employees covered with Collective Bargaining Agreements	0%	%
Number of consultations conducted with employees concerning employee-related policies	0	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
This topic is not considered material due to the size of the workforce and the absence of a union in the organization. Nonetheless, it is noted that the Management promotes open dialogue and clear communication with its employees and is able to interact with the workforce in an informal manner to discuss company policies and procedures, operational concerns and action items.	N.A.
What are the Risk/s Identified?	**Management Approach**
N.A.	N.A.
What are the Opportunity/ies Identified?	**Management Approach**
N.A.	N.A.

Diversity and Equal Opportunity

Disclosure	Quantity	Units
% of female workers in the workforce	62.50%	%
% of male workers in the workforce	37.50%	%
Number of employees from indigenous communities and/or vulnerable sector *	1	#

** Vulnerable sector includes, elderly, persons with disabilities, vulnerable women, refugees, migrants, internally displaced persons, people living with HIV and other diseases, solo parents, and the poor or the base of the pyramid (BOP; Class D and E).*

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
Our employment statistic shows gender diversity with higher representation of women in the workforce. No	The organization's hiring policies ensure equal employment opportunities for all

incidence of discrimination has been reported during the reporting period. A male HRIS Partner and a female Internal Auditor have been hired during the reporting period. During the hiring and selection process, the organization gave equal opportunity to qualified applicants regardless of age, gender orientation, race, religion, social or marital status, political belief or physical disability. Employees are provided with an equal opportunity for training and development for them to grow to their full potential. Promotion, recognition and compensation and other conditions of employment are based on merits.	with due consideration to diversity and inclusion. The company also abides by the Keppel Group's Corporate Statement on Human Rights. The statement can be accessed at this link: <https://www.kepcorp.com/en/file/sustainability/our-focus-areas/keppel-group-corporate-statement-on-human-rights.pdf>
What are the Risk/s Identified?	**Management Approach**
Non-compliance with laws and regulations will not only have a significant financial impact but can also potentially damage the reputation of the organization.	The organization closely monitors developments in the local law and regulations to ensure that its business and operations are fully compliant.
What are the Opportunity/ies Identified?	**Management Approach**
Diversity in the workplace creates a creative and productive environment.	The organization continues to encourage diversity in its ranks and provide equal opportunity in its hiring process.

Workplace Conditions, Labor Standards, and Human Rights

Occupational Health and Safety

Disclosure	Quantity	Units
Safe Man-Hours	17,800	Man-hours
No. of work-related injuries	0	#
No. of work-related fatalities	0	#
No. of work-related ill-health	0	#
No. of safety drills	0	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
The organization recorded 17,800 safe man-hours without lost time incident during the reporting period. There were no recorded incidents or injuries at the workplace.	The company will continue to nurture an incident-free workplace where safety is everyone's responsibility.
What are the Risk/s Identified?	**Management Approach**
A work environment that is unsafe and unhealthy will unduly expose employees to injuries or illnesses that can result to medical cost, absenteeism, lower productivity and quality of service and low morale.	The organization abides by Keppel's 5 key safety principles: (1) Every incident is preventable. (2) Health, Safety & Environment (HSE) is an integral part of our business. (3) HSE is a line responsibility. (4) Everyone is empowered to stop any unsafe work. (5) A strong safety culture is achieved

	through teamwork.
What are the Opportunity/ies Identified?	**Management Approach**
Although most of the work is done while sitting on a chair, there are still hazards that pose danger to one's life and limb in the office with many of these injuries preventable.	The organization shall continue with its safety information campaign that identifies hazards present in the office environment.

Labor Laws and Human Rights

Disclosure	Quantity	Units
No. of legal actions or employees' grievances involving forced or child labor	0	#

Do you have policies that explicitly disallows violations of labor laws and human rights (e.g. harassment, bullying) in the workplace? Yes.

Topic	Y/N	If Yes, cite reference in the company policy
Forced Labor	Y	Keppel Group's Corporate Statement on Human Rights. The statement can be accessed at this link: <https://www.kepcorp.com/en/file/sustainability/our-focus-areas/keppel-group-corporate-statement-on-human-rights.pdf>
Child Labor	Y	As above
Human Rights	Y	As above

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
There is no forced or child labor or any human rights violations in the organization.	The Company shall continue to provide a harmonious and ethical work environment that is conducive to personal and professional growth.
What are the Risk/s Identified?	**Management Approach**
Human rights violations and infraction of labor laws have grave legal consequences and may cause irreparable damage to the company's brand and reputation.	All directors and employees as well as the organization's third party associates shall abide with Keppel's Code of Conduct and uphold Keppel's Statements on Human Rights.
What are the Opportunity/ies Identified?	**Management Approach**
The organization shall continue to guard against labor and human rights violation in the workplace.	Defined labor and human rights standards to which all employees are entitled will underscore the company's commitment towards a fair and just workplace.

Supply Chain Management

Do you have a supplier accreditation policy? If yes, please attach the policy or link to the policy:

The organization is using vendors that have already been accredited by related party(ies). In this regard, the Company has formally adapted these policies and procedures and requires new suppliers and contractors to go through the formal process of assessment and accreditation of suppliers as well as an evaluation of supplier performance.

Do you consider the following sustainability topics when accrediting suppliers?

The following topics shall be taken into consideration, where applicable, when accrediting supplier.

Topic	Y/N	If Yes, cite reference in the supplier policy
Environmental performance	N	Please refer to response in the previous question.
Forced Labor	N	
Child Labor	N	
Human Rights	N	
Bribery and corruption	N	

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
A formal supplier accreditation policy and procedure has been implemented in the organization during the previous reporting period.	The supplier accreditation policy shall guide the Company in the selection of suppliers of goods and services moving forward.
What are the Risk/s Identified?	**Management Approach**
Unqualified or dubious suppliers and contractors may be awarded supply contracts and deliver goods and services with poor quality resulting to costly rework, damage or delay to the business operations.	The company has a formal supplier accreditation policy and supplier performance evaluation in place.
What are the Opportunity/ies Identified?	**Management Approach**
The company evaluates and accredits suppliers based on the policy.	Same as above.

Relationship with Community

Significant Impacts on Local Communities

Operations with significant (positive or negative) impacts on local communities (exclude CSR projects; this has to be business operations	Location	Vulnerable groups (if applicable) *	Does the particular operation have impacts on indigenous people (Y/N)?	Collective or individual rights that have been identified that or particular concern for the community	Mitigating measures (if negative) or enhanceme nt measures (if positive)
Office space	Makati City	N.A.	N	None	N.A.
Real estate	Bauan, Batangas	N.A.	N	None	N.A.
Real estate	Batangas City	N.A.	N	None	N.A.

** Vulnerable sector includes children and youth, elderly, persons with disabilities, vulnerable women, refugees, migrants, internally displaced persons, people living with HIV and other diseases, solo parents, and the poor or the base of the pyramid (BOP; Class D and E)*

For operations that are affecting IPs, indicate the total number of Free and Prior Informed Consent (FPIC) undergoing consultations and Certification Preconditions (CPs) secured and still operational and provide a copy or link to the certificates if available: N.A.

Certificates	Quantity	Units
FPIC process is still undergoing	0	#
CP secured	0	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
N.A.	N.A.
What are the Risk/s Identified?	**Management Approach**
N.A.	N.A.
What are the Opportunity/ies Identified?	**Management Approach**
N.A.	N.A.

Customer Management

Customer Satisfaction

Disclosure	Score	Did a third party conduct the customer satisfaction study (Y/N)?
Customer satisfaction	The organization has not yet conducted a customer satisfaction survey.	No

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
The organization leases office space and real estate to other Keppel companies and to external parties. It is responsible for managing the properties and making sure that the tenants are able to enjoy the use of the leased premises.	Interactions with tenant will continue on a regular basis and shall be conducted in a professional manner. The Management shall continue to scope trends and issues in the real estate market to remain competitive and updated. In 2022, the Company discontinued lease concessions in the form of rental rebates as the business of tenants have started to normalize with the easing of COVID-19-related restriction by the government to help the economy.
What are the Risk/s Identified?	**Management Approach**
A customer who is not happy with the organization's services may bring its business elsewhere leading to loss of revenue due to tenant attrition.	As property owner and lessor, the organization continues to engage with its tenant to find out any concerns relating to the leased premises so as to keep these tenants satisfied and encourage them to

	renew their contracts and go for long-term leases. The Company continues to engage with its tenants to determine their concerns during the pandemic period which resulted to the extension of the lease rebates during the year.
What are the Opportunity/ies Identified?	**Management Approach**
The organization will be in a better position to understand the expectations and perceptions of its clientele with the planned customer survey.	The Management will draw up the tenant retention plan based on the results and takeaways from the survey.

Health and Safety

Disclosure	Quantity	Units
No. of substantiated complaints on product or service health and safety*	0	#
No. of complaints addressed	N.A.	#

**Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.*

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
There has been no complaints about the company's services or on matters relating to health and safety in the workplace. The organization is committed to provide an incident-free workplace and to prevent injury and ill health to our stakeholders.	Safety is among the core values at Keppel. The organization shall conduct its business in a manner that values and protects the safety of its employees, other people who are involved in its operations, customers and the public. It shall strive to prevent all accidents, injuries and occupational illnesses through safety information campaigns.
What are the Risk/s Identified?	**Management Approach**
The lack of a safety and health policies and measures may lead to incidence of injury and ill health to the employees and other stakeholders.	The organization has adopted and formalized the safety and health policies of the Keppel Group in its workplace to underscore its commitment of ensuring an incident-free workplace and to prevent injury and ill health to its stakeholders.
What are the Opportunity/ies Identified?	**Management Approach**
The formal adoption of health, safety and customer relations policies and program for a good customer experience will benefit of the stakeholders and ensure repeat transactions from happy customers and support from employees working in a safe and healthy environment.	Same as above.

Marketing and labeling

Disclosure	Quantity	Units
No. of substantiated complaints on marketing and labeling*	0	#
No. of complaints addressed	N.A.	#

** Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.*

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
Due to the nature of the business, marketing and labeling are not considered as material topics. Nonetheless, it should be noted that the organization is using the Keppel brand that is subject to trademark and intellectual property rights.	N.A.
What are the Risk/s Identified?	**Management Approach**
N.A.	N.A.
What are the Opportunity/ies Identified?	**Management Approach**
N.A.	N.A.

Customer privacy

Disclosure	Quantity	Units
No. of substantiated complaints on customer privacy*	0	#
No. of complaints addressed	0	#
No. of customers, users and account holders whose information is used for secondary purposes	0	#

** Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.*

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
The organization transacts with corporate legal entities and individuals for its investment and real estate transactions that require individuals to provide personal data.	The organization shall abide by the Data Privacy Act of 2012 (R.A. 10173) and require its employees to undergo training to familiarize themselves with the regulations and the need to protect personal data provided by customers and other stakeholders.
What are the Risk/s Identified?	**Management Approach**
Failure to protect the rights of individuals and exercise the obligations of organizations with respect to the collection, storage, use, disclosure, retention, and disposal of personal data may potentially lead to complaints from data subjects, investigations by the National Privacy Commission (NPC) and imposition of penalty thereby also putting the reputation of the organization at risk.	In compliance with the NPC directive under R.A. 10173, the organization shall draw up a Privacy Management Program and Privacy Manual during the next reporting period.

What are the Opportunity/ies Identified?	Management Approach
The proposed Privacy Management Program will lead to better identification of privacy and data protection risks and controls throughout the data lifecycle.	The organization shall conduct a privacy risk assessment and provide recommendations on its existing organizational, physical, technical as well as legal measures for data privacy vis-a-vis the requirements of the Data Privacy Act, its Implementing Rules and Regulations and related memorandums.

Data Security

Disclosure	Quantity	Units
No. of data breaches, including leaks, thefts and losses of data	0	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
Information technology is a tool used in every aspect of business operations. Aside from bringing value to the organization, it also brings with it potential risks and security threats that need to be adequately mitigated and properly addressed. Business data captured and stored in the system are vulnerable to data breach, hacks, theft and losses in the absence of appropriate levels of security controls.	The organization is guided by the Keppel Group's "End User Computing Policy" that promotes responsible use of computing resources and specifies the appropriate and consistent levels of security controls across its computing environment.
What are the Risk/s Identified?	**Management Approach**
Data-breach risk, data management and data privacy risk are present whenever information technology is used in the organization.	The company shall continue to provide annual training and periodic reminders on data security, data management and data privacy and to conduct periodic technology and data risk assessment. During the period, the Company has migrated to Office 365 under the Keppel Group ensuring data security and cybersecurity oversight over KPHI computers.
What are the Opportunity/ies Identified?	**Management Approach**
The organization will continue to identify weak links in the system and to be vigilant in safeguarding its data.	Due to its small organization, the company will tap and leverage on the expertise of IT experts within the Keppel Group.

UN SUSTAINABLE DEVELOPMENT GOALS

Product or Service Contributions to UN SDGs

Key products and services and its contribution to sustainable development.

As a holding company, it generates economic value from the lease of its real estate properties and interest income from loans extended to other parties. How these activities contribute to selected UN Sustainable Goals are shown in the table below.

Strategic Thrust	Material Issues	SDGs	Approach	Societal Value / Contribution to UN SDGs	Potential Negative Impact of Contribution	Management Approach to Negative Impact
Sustaining Growth	Corporate Governance Risk Management	8 DECENT WORK AND ECONOMIC GROWTH	Professionalism, integrity and good governance guide KPHI's business philosophy. The organization ensures that all transactions are fair, generates value for its stakeholders and complies with legal and regulatory requirements.	The value generated by the operations are distributed back as employment opportunities, business for suppliers and taxes for the government.	The risk of corruption is present whenever the members of the organization interacts with its stakeholders.	The organization has zero tolerance for fraud, bribery, corruption and violation of laws and regulations. Safeguard measures and reporting mechanisms are in place.
Empowering Lives	Occupational Safety & Health Labor Practices, Talent Management & Human Rights	3 GOOD HEALTH AND WELL-BEING 5 GENDER EQUALITY	The company nurtures a safe and healthy workplace imbibed with a safety culture and mindset. Our hiring policies ensures equal employment opportunities for all such that there will be diversity and inclusion in the workplace.	KPHI has achieved zero lost time incidents with no work-related injury or illnesses. Safety is one of Keppel's core values. Our policies and procedures are focused on ensuring safety in the entire organization.	An unsafe and unhealthy office environment may expose employees to work and health hazards.	It shall strictly abide by the Keppel Group's 5 key safety principles and corporate statement on human rights.
Nurturing Communities	Community Development	17 PARTNERSHIPS FOR THE GOALS 1 NO POVERTY	The organization and the communities where it operates should grow together through collaborative partnership towards sustainable development.	The company remains steadfast in its commitment to have inclusive partnership with its stakeholders driven by the common vision of a better life for individuals and a healthy environment.	Members of vulnerable sectors run the risk of being excluded from growth.	The company shall seek out organizations and forge partnership with them for community development initiatives.

Note: The "Governance" part of the Environment, Social and Governance sustainability topics is not part of this Sustainability Report. It is covered in the Integrated Annual Corporate Governance Report (I-ACGR) of the Company. The I-ACGR can be accessed at this link: https://www.keppelph.com/corporate-governance/annual-corporate-governance-report.html