

KEPPEL PHILIPPINES HOLDINGS, INC.

MINUTES OF THE ANNUAL MEETING OF THE STOCKHOLDERS

Held at Function Rooms 2 & 3, Basement 1, Belmont Hotel Manila,
Newport Boulevard, Newport City, Pasay City on **22 June 2018**

I. CALL TO ORDER

The Chairman, Mr. Paul Tan Poh Lee, called the meeting to order at about 11:30 a.m. Before proceeding with the agenda, the Chairman introduced each of the members of the Board who were all present including the Corporate Secretary.

II. PROOF OF NOTICE OF MEETING AND CERTIFICATION OF QUORUM

Upon request by the Chairman, the Corporate Secretary confirmed that notice for this meeting has have been sent to each and every stockholder in accordance with the By-laws of the Corporation and rules of the Securities & Exchange Commission (SEC) and was also published in the Philippine Daily Inquirer last 28 May 2018. Out of the total outstanding shares, about 82.05% were present either in person or by proxy; hence, there was a quorum.

III. READING AND APPROVAL OF THE MINUTES OF THE ANNUAL STOCKHOLDERS' MEETING HELD ON 16 JUNE 2017

It was indicated that copies of the minutes of the last annual meeting held on 16 June 2017 were made available to the stockholders before the start of the meeting. Thus, on proper motion duly made and seconded, the reading of the aforesaid minutes was dispensed with and the minutes was accordingly approved.

IV. PRESENTATION OF ANNUAL REPORT AND APPROVAL OF AUDITED FINANCIAL STATEMENTS

The Chairman stated that the Annual Report is available at the PSE website or may be requested from the Corporate Secretary and printed copies are also available at the entrance. All relevant information can be found under the Company's Annual Report (SEC Form 17-A) and/or Definitive Information Statement (SEC Form 20-IS). The SEC Form 20-IS which contains the audited financial statements has been sent out to the stockholders prior to the stockholders' meeting and that copies thereof were made available at the entrance of the venue for the meeting for those who have not received a copy yet.

On the other hand, when inquired by a stockholder of the Corporation, the President, Mr. Alan I. Claveria, stated that the two (2) businesses of KPHI are: 1) investment holdings and 2) real estate.

There being no other questions and on motion duly made and seconded, the Audited Financial Statements for the year ended 2017 was approved.

V. RATIFICATION OF THE ACTS AND PROCEEDINGS OF THE BOARD OF DIRECTORS, OFFICERS AND MANAGEMENT DURING THE YEAR UNDER REVIEW

Whereupon, on motion duly made and seconded, the following resolution was adopted:

"RESOLVED, That all the official or corporate acts and proceedings of the Board of Directors, Officers and Management of the Corporation since the last annual meeting of the stockholders up to the present are hereby ratified."

VI. ELECTION OF DIRECTORS

The Chairman inquired from the Corporate Secretary if there had been any nominations submitted in accordance with the Corporation's By-laws and Manual on Corporate Governance. The Secretary answered in the affirmative and read the names of the four (4) nominees for election as regular members of the Board of Directors and three (3) nominees for independent directors for the year 2018-2019. She added that there were no other nominations filed in accordance with the By-laws and New Manual on Corporate Governance other than the names she had mentioned.

Considering that there were seven (7) nominees, the Chairman directed the Corporate Secretary to cast the votes equally in their favor. The following were then elected as directors of the Corporation for the year 2018-2019 and shall serve as such until their successors are elected and shall have qualified:

1. Paul Tan Poh Lee
2. Alan I. Claveria
3. Celso P. Vivas – Lead Independent Director
4. Mayo Jose B. Ongsingco – Independent Director
5. Ramon J. Abejuela – Independent Director
6. Stefan Tong Wai Mun
7. Felicidad V. Razon

VII. DIRECTORS' REMUNERATION

Whereupon, on motion duly made and seconded, the following resolution was adopted:

"RESOLVED, That the amount of SIXTY THOUSAND PESOS (P60,000.00) per director be as it is hereby appropriated as and by way of directors' remuneration for the last fiscal year."

VIII. APPOINTMENT OF EXTERNAL AUDITOR

Whereupon, on motion duly made and seconded, the following resolution was adopted:

"RESOLVED, That Isla Lipana & Co. (PWC) be as it is hereby reappointed as the external auditor of the Corporation for the year 2018 at a fee to be fixed by Management."

IX. APPROVAL OF AMENDMENT OF BY-LAWS (ARTICLE IV-Sections 3, 4 and 5)

Upon motion duly made and seconded, in order that the By-laws of the Corporation is made consistent with the revisions made to the New Manual on Corporate Governance (MCG), the stockholders adopted the following resolutions as initially approved by the Board in its meeting held on 10 November 2017:

"RESOLVED, That Sections 3, 4 and 5 of the Fourth Article of the Corporation's By-laws be amended to read as follows:

Section 3. Corporate Governance and Nomination Committee (CGNC) – The Corporate Governance and Nomination Committee shall be composed of at least three members, all of whom will be independent directors, including the Chairman.

The CGNC has the following functions:

- Corporate Governance
- Nomination
- Compensation

Corporate Governance Functions:

The Committee is tasked in ensuring compliance with and proper observance of corporate governance principles and practices.

The Corporate Governance functions are as follows:

- i. Oversee the implementation of the corporate governance framework and periodically reviews the said framework to ensure that it remains appropriate in light of material changes to the Corporation's size, complexity and business strategy, as well as its business and regulatory environments;

- ii. Oversee the periodic performance evaluation of the Board and its committees as well as executive management, and conduct an annual self-evaluation of its performance;
- iii. Ensure that the results of the Board evaluation are shared, discussed, and that concrete action plans are developed and implemented to address the identified areas for improvement;
- iv. Recommend continuing education/training programs for directors, assignment of tasks/projects to board committees, succession plan for the board members and senior officers, and remuneration packages for corporate and individual performance;
- v. Adopt corporate governance policies and ensures that these are reviewed and updated regularly, and consistently implemented in form and substance;
- vi. Propose and plan relevant trainings for the members of the Board.

Nomination Functions:

Determine the nomination and election process for the Corporation's directors and has the special duty of defining the general profile of board members that the Corporation may need and ensuring appropriate knowledge, competencies and expertise that complement the existing skills of the Board.

The Nomination functions are as follows:

- i. Pre-screen and shortlist all candidates to the Board and other appointments that require Board approval, in accordance with the qualifications and disqualifications enumerated provided under this Manual, the Corporation Code, Securities Regulations Code, and other pertinent rules and regulations;
- ii. Assess the effectiveness of the Board's processes and procedures in the election or replacement of directors;
- iii. In consultation with the Executive Committee, re-define the role, duties and responsibilities of the President by integrating the dynamic requirements of the business as a going concern and future expansionary prospects within the realm of good corporate governance at all times;

- iv. Ensure compliance and proper observance by the directors of the corporate governance principles and practices;
- v. Oversee the periodic performance evaluation of the Board and its Committees as well as executive management and conduct an annual self-evaluation of its performance;
- vi. Ensure that the results of the Board evaluation are shared, discussed, and that concrete action plans are developed and implemented to address the identified areas for improvement; and
- vii. Ensure the nomination and election process are complied with.

The nomination and election process include the review and evaluation of the qualifications of all persons nominated to the Board, in relation to criteria set forth in the Corporation's Manual on Corporate Governance, By-laws, and applicable regulations, including whether the candidate:

- Possesses the knowledge, skills, experience;
- Has independence of mind, especially to the NED, given their responsibilities to the Board;
- Has a record of integrity and good repute;
- Has sufficient time to carry out the responsibilities; and
- Has the ability to promote smooth interaction between board members.

The Corporate Governance Committee may secure the assistance of an executive search firm, if necessary, for this purpose.

The process includes monitoring the qualifications of the directors and the grounds for disqualification whether permanent or temporary.

Section 4. Audit and Risk Management Committee (ARMC) - The Audit and Risk Management Committee shall be composed of at least three (3) appropriately qualified non-executive directors, the majority of whom, including the Chairman, will be independent. All of the members of the committee must have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing and finance. The Chairman of the ARMC will not be the chairman of the Board or of any other committees.

The ARMC has the following functions:

- Audit
- Enterprise Risk Management
- Related Party Transaction

Audit Functions:

The ARMC will enhance its oversight capability over the Corporation's financial reporting, internal control system, internal and external audit processes, and compliance with applicable laws and regulations. It will be responsible for overseeing the senior management in establishing and maintaining an adequate, effective and efficient internal control framework. It ensures that systems and processes are designed to provide assurance in areas including reporting, monitoring compliance with laws, regulations and internal policies, efficiency and effectiveness of operations, and safeguarding of assets.

The Audit functions are as follows:

- i. Recommend the approval of the Internal Audit Charter (IA Charter), which formally defines the role of Internal Audit and the audit plan as well as oversees the implementation of the IA Charter;
- ii. Even if the Corporation has no Internal Audit Department, the Internal Audit functions will be outsourced. It will monitor and evaluate the adequacy and effectiveness of the Corporation's internal control system, integrity of financial reporting, and security of physical and information assets. Well-designed internal control procedures and processes that will provide a system of checks and balances will be in place in order to (a) safeguard the Corporation's resources and ensure their effective utilization, (b) prevent occurrence of fraud and other irregularities, (c) protect the accuracy and reliability of the Corporation's financial data, and (d) ensure compliance with applicable laws and regulations;
- iii. Oversee the outsourcing of internal audit services. It will recommend the appointment and/or grounds for approval of the terms and conditions for outsourcing internal audit services;
- iv. Establish and identify the reporting line of the Internal Auditor (Outsourced) to enable him to properly fulfill his duties and responsibilities. For this purpose, he will directly report to the Committee;
- v. Review and monitor Management's responsiveness to the Internal Auditor's findings and recommendations;
- vi. Prior to the commencement of the audit, discuss with the External Auditor the nature, scope and expenses of the audit, and ensure the proper coordination if more than one audit firm is involved

in the activity to secure proper coverage and minimize duplication of efforts;

- vii. Evaluate and determine the non-audit work, if any, of the External Auditor, and periodically reviews the non-audit fees paid to the External Auditor in relation to the total fees paid to him and to the Corporation's overall consultancy expenses. The Committee will disallow any non-audit work that will conflict with his duties as an External Auditor or may pose a threat to his independence. The non-audit work, if allowed, will be disclosed in the Corporation's Annual Report and Annual Corporate Governance Report;
- viii. Review and approve the Interim and Annual Financial Statements before their submission to the Board, with particular focus on the following matters:
 - Any change/s in accounting policies and practices
 - Areas where a significant amount of judgment has been exercised
 - Significant adjustments resulting from the audit
 - Going concern assumptions
 - Compliance with accounting standards
 - Compliance with tax, legal and regulatory requirements
- ix. Review the disposition of the recommendations in the External Auditor's management letter;
- x. Perform oversight functions over the Corporation's Internal and External Auditors; ensure the independence of Internal and External Auditors, and that both auditors are given unrestricted access to all records, properties and personnel to enable them to perform their respective audit functions;
- xi. Coordinate, monitor and facilitate compliance with laws, rules and regulations;
- xii. Recommend to the Board the appointment, reappointment, removal and fees of the External Auditor, duly accredited by the Commission, who undertakes an independent audit of the Corporation, and provide an objective assurance on the manner by which the financial statements will be prepared and presented to the stockholders; and
- xiii. Meet with the Board at least every quarter without the presence of the President or other management team members, and periodically meet with the head of the internal audit. The Committee may invite the President or other management team if deemed

necessary to answer queries raised by the Committee.

Enterprise Risk Management (ERM) Functions:

The ARMC will ensure the functionality and effectiveness of enterprise risk management frameworks.

The ERM functions are as follows:

- i. Develop a formal enterprise risk management plan which contains the following elements: (a) common language or register or risk, (b) well-defined risk management goals, objectives and oversight, (c) uniform processes of assessing risk and developing strategies to manage prioritized risk, (d) designing and implementing risk management strategies, and (e) continuing assessments to improve risk strategies, processes and measures;
- ii. Oversee the implementation of the enterprise risk management plan. The Committee conducts regular discussions on the Corporation's prioritized and residual exposures based on regular risk management reports and assesses how the concerned units or offices are addressing and managing these risks;
- iii. Evaluate the risk management plan to ensure its continued relevance, comprehensiveness and effectiveness. The Committee revisits defined risk management strategies, looks for emerging or changing material exposures, and stays abreast of significant developments that seriously impact the likelihood of harm or loss;
- iv. Advise the Board on its risk appetite levels and risk tolerance levels;
- v. Review annually the Corporation's risk appetite levels and risk tolerance limits based on changes and developments in the business, the regulatory framework, the external economic and business environment, and when major events occur that are considered to have major impacts on the Corporation;
- vi. Assess the probability of each identified risk becoming reality and estimates its possible significant impact and likelihood of occurrence. Priority areas of concern are those risks that are the most likely to occur and to impact the performance and stability of the Corporation and its stakeholders;
- vii. Provide oversight over Management's activities in managing credit, market liquidity, operational, legal

and other risk exposures of the Corporation. This function includes regularly receiving information on risk exposures and risk management activities from Management, and

- viii. Report to the Board on a regular basis, or as deemed necessary, the Corporation's material risk exposures, the actions taken to reduce the risks, and recommends further action or plans, as necessary.
- ix. Further details on internal control and risk management framework can be found on Article 5 of the Integrated Annual Corporate Governance Report.

Related Party Transactions (RPT) Functions:

As one of the functions of the ARMC, the Committee is tasked in general to review all material related party transactions of the Corporation to ensure that it is an arms-length, market based and in compliance with all applicable laws.

The RPT functions are as follows:

- i. Evaluate on an ongoing-basis the existing relations between and among businesses and counterparties to ensure that all related parties are continually identified, RPT's are monitored, and subsequent changes in relationships with counterparties (from non-related to related and vice versa) are captured. Related parties, RPTs and changes in relationships will be reflected in the relevant reports to the Board and regulators/supervisors;
- ii. Evaluate all material RPTs to ensure that these are not undertaken on more favorable economic terms (e.g., price, commissions, interests rates, fees, tenor, collateral requirement) to such related parties than similar transactions with non-related parties under similar circumstances and that no corporate or business resources of the Corporation are misappropriated or misapplied, and to determine any potential reputational risk issues that may arise as a result of or in connection with the transactions. In evaluating RPTs, the Committee takes into account, among others, the following:
 - The related party's relationship to the Corporation and interest in the transaction;
 - The material facts of the proposed RPT, including the proposed aggregate value of such transaction;
 - The benefits to the Corporation of the proposed RPT;
 - The availability of other sources or comparable products or services; and
 - An assessment of whether the proposed RPT is on

terms and conditions that are comparable to the terms generally available to an unrelated party under similar circumstances. The Corporation will have an effective price discovery system in place and exercise due diligence in determining a fair price for RPTs.

- iii. Ensure that appropriate disclosure is made, and/or information is provided to regulating and supervising authorities relating to the Corporation's RPT exposures, and policies on conflicts of interest or potential conflicts of interest. The disclosure will also include information on the approach to managing material conflicts of interest that are inconsistent with such policies and conflicts that could arise as a result of the Corporation's affiliation or transactions with other related parties;
- iv. Report to the Board of Directors on a regular basis, status and aggregate exposures to each related party, as well as the total amount of exposures to all related parties;
- v. Ensure that transactions with related parties, including write-off of exposures are subject to a periodic independent review or audit process; and
- vi. Oversee the implementation of the system for identifying, monitoring, measuring, controlling, and reporting RPT's, including periodic review of RPT policies and procedures.


RESOLVED FURTHERMORE, that the Vice President/Treasurer of the Corporation, Felicidad V. Razon, assisted by the Corporate Secretary, Atty. Ma. Melva E. Valdez, Assistant Corporate Secretary, Atty. Lory Anne P. Manuel- McMullin, Attys. Pamela Ann T. Cayabyab and Ma. Nenita Yumi N. Gregory, or any of the authorized representatives of Bello Valdez Caluya and Fernandez Law Offices (JGLaw), with office address at 17th Floor Robinsons Equitable Tower No. ADB Avenue corner 4 Poveda Drive Ortigas Pasig, City, be authorized to implement the foregoing, to perform any and/or all acts, and to effect any and/or all amendments to any and/or all documents as may be necessary or appropriate to implement the processing of the foregoing application before the Securities and Exchange Commission (SEC)."

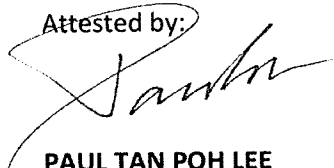
X. OTHER MATTERS

The Chairman announced that the Board of Directors, in its meeting held earlier today, prior to the holding of the annual stockholders' meeting, had declared a Ten Centavos (P0.10) or 10% per share cash dividend for stockholders of record as of 06 July 2018; payment to be made on or before 31 July 2018.

XI. ADJOURNMENT

There being no other matters to be discussed, the meeting was adjourned at about 11:50 a.m.


MA. MELVA E. VALDEZ
Corporate Secretary

Attested by:

PAUL TAN POH LEE
Chairman