

# COVER SHEET

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S.E.C Registration Number

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(Company's Full Name)

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

Alan I. Claveria/Felicidad V. Razon/ Maria Melva E. Valdez
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**Contact Persons**

8892 1816 8815-9071
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**Company Telephone Number**

1	2
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Month

3	1
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Day

<b>SEC Form 20-Definitive Information Statement</b>
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FORM TYPE

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Month

1	7
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Day

Annual Meeting

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Secondary License Type, if Applicable

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Dept. Requiring this Doc.

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Amended Articles Number/Section

411 as of 30 April 2024
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Total No. of Stockholders

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Domestic

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Foreign

To be accomplished by SEC Personnel concerned

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File Number

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STAMPS
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## NOTICE OF ANNUAL MEETING OF STOCKHOLDERS OF KEPPEL PHILIPPINES HOLDINGS, INC.

TO OUR STOCKHOLDERS:

Please take notice that the Annual Meeting of Stockholders of Keppel Philippines Holdings, Inc. shall be conducted at the 26th Floor, The Podium West Tower, ADB Avenue, Wack-Wack Greenhills East, Mandaluyong City on 14 June 2024, Friday, at 11:00 a.m. To ensure everyone's health and safety during this period, the meeting shall be held through remote communication via Microsoft Teams (MS Teams) online meeting.

The Agenda:

1. Call to Order
2. Proof of Notice of Meeting and Certification of Quorum
3. Reading and Approval of the Minutes of the Annual Stockholders' Meeting held on 16 June 2023
4. Presentation of the 2023 Annual Report and Approval of the 2023 Audited Financial Statements
5. Ratification of Corporate Acts and Proceedings of the Board of Directors, Officers and Management of the Corporation for the Period under Review
6. Election of Directors for the Year 2024-2025
7. Appointment of External Auditor
8. Such other matters as may properly come up before the Meeting
9. Adjournment

The Board of Directors has fixed the close of business on 20 May 2024 as the record date for the determination of stockholders entitled to notice of and vote at the meeting.

Only stockholders of record at the close of business on 20 May 2024 are entitled to notice of, and to vote at, this meeting.

Stockholders intending to participate via remote communication shall send a notification/confirmation of their attendance by e-mail to [info@keppelph.com](mailto:info@keppelph.com) on or before 10 June 2024.

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



MA. MELVA E. VALDEZ

**SECURITIES AND EXCHANGE COMMISSION**

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

1. Check the appropriate box:  
 Preliminary Information Statement  
 Definitive Information Statement
2. Name of Registrant as specified in its charter: **KEPPEL PHILIPPINES HOLDINGS, INC.**
3. Province, country or other jurisdiction of incorporation or organization: **Philippines**
4. SEC Identification Number: **62596**
5. BIR Tax Identification No: **000-163-715-000**
6. Address of principal office: **Unit 3-B Country Space 1 Building  
133 Sen. Gil Puyat Avenue  
Salcedo Village, Barangay Bel-Air, Makati City** Postal Code: **1200**
7. Registrant's telephone number, including area code: **(632) 8892-1816**
8. Date, time and place of the meeting of security holders:  
**Date : 14 June 2024**  
**Time : 11:00 a.m.**  
**Place : 26th Floor, The Podium West Tower, ADB Avenue, Wack-Wack Greenhills East,  
Mandaluyong City**  
**[Through remote communication via Microsoft Teams (MS Teams)]**
9. Approximate date on which the Information Statement is first to be sent or given to security holders: **on or before 23 May 2024.** Pursuant to SEC Notice dated 22 February 2024 providing for alternative mode for distributing and providing copies of the Notice of Meeting, Information Statement, and other documents in connection with the holding of Annual Stockholders' Meeting for 2024, the same will be available at KPHI's website [www.keppelph.com](http://www.keppelph.com) and via Philippine Stock Exchange (PSE)'s website – PSE Edge Portal.
10. In case of Proxy Solicitations: **NOT APPLICABLE**
- Name of Person Filing the Solicitation Statement:  
Address and Tel. No.
11. Securities registered pursuant to Sections 8 and 12 of the Code or Section 4 and 8 of the RSA:
- | Title of Each Class     | Number of Shares of Common Stock Outstanding<br>(As of 30 April 2024) |
|-------------------------|---|
| <b>Class 'A' Common</b> | <b>35,756,070</b>   |
| <b>Class 'B' Common</b> | <b><u>21,476,949</u></b>  |
|                         | <b><u>57,233,019</u> (Net of 15,940,481 Treasury shares)</b>          |
12. Are any or all of registrant's securities listed on the Philippines Stock Exchange?  
Yes  No

**PART 1**

**INFORMATION REQUIRED IN INFORMATION STATEMENT**

**A. GENERAL INFORMATION**

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

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

Date : **14 June 2024**

Time : **11:00 a.m.**

Place : 26th Floor, The Podium West Tower, ADB Avenue, Wack-Wack Greenhills East, Mandaluyong City  
[Through remote communication via Microsoft Teams (MS Teams)]

Complete Mailing Address of Principal Office of Registrant:

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

Stockholders intending to participate via remote communication shall send a notification/confirmation of their attendance by e-mail to [info@keppelph.com](mailto:info@keppelph.com) on or before 10 June 2024.

(b) The approximate date on which the information statement is to be sent and given to the security holders shall be **on or before 23 May 2024**. Pursuant to SEC Notice dated 22 February 2024 providing for alternative mode for distributing and providing copies of the Notice of Meeting, Information Statement, and other documents in connection with the holding of Annual Stockholders' Meeting for 2024, the same will be available at KPHI's website [www.keppelph.com](http://www.keppelph.com) and via Philippine Stock Exchange (PSE)'s website – PSE Edge Portal.

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

**2. Dissenters' Right of Appraisal**

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

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

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

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

**B. CONTROL AND COMPENSATION INFORMATION**

**4. Voting Securities and Principal Holders Thereof**

(a) Class of Voting Shares as of 30 April 2024:

<b>Class of Voting Shares</b>	<b>No. of Shares Outstanding</b>	<b>Nationality</b>	<b>%</b>	<b>No. of Vote Each Shares Entitled</b>
Class 'A' Common Shares	35,756,070	Filipino	62.48	One (1) vote per share
Class 'B' Common Shares	3,869,576	Filipino	6.76	One (1) vote per share
Class 'B' Common Shares	17,607,373	Foreign	30.76	One (1) vote per share
Total Common Shares	57,233,019		100.00	One (1) vote per share

- (b) All stockholders of record as of 20 May 2024 are entitled to notice of and to vote at the Annual Stockholders' Meeting.
- (c) The election of directors shall be taken up at the meeting and pursuant to Section 23 of the Revised Corporation Code of the Philippines (Republic Act No. 11232). Each stockholder shall be entitled to one (1) vote per share. A stockholder may (1) vote such number of shares registered in his name as of the record date for as many persons as there are directors to be elected, (2) or he may cumulate said shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of his shares owned, (3) or he may distribute them on the same principle among as many candidates as he shall see fit. There are no conditions precedents for the exercise of the cumulative voting rights in the election of directors. The total number of votes cast by such stockholder should not exceed the number of shares owned by him as shown in the books of the Corporation multiplied by the whole number of directors to be elected.

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

The manner of voting shall be through remote communication pursuant to Section 57 of RA 11232, as authorized by the board of directors during its regular meeting on 29 January 2024, and the Company's internal rules and procedures for voting through remote communication. The Guidelines for Participation Via Remote Communication and Voting in Absentia shall be posted in the website, and distributed to stockholders with the Definitive Information Statement. In all matters included in the agenda, except the election of directors, the counting of votes will be done through the regular method. Stock Transfer Service, Inc., a stock transfer agent is present to count and validate the votes during the Annual Stockholders' Meeting.

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

#### **Method of Counting Votes**

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

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

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

The persons known to the registrant to be directly or indirectly the record or beneficial owner of more than 5% of the registrant's voting securities as of 30 April 2024 are as follows:

<b>Title of Class</b>	<b>Name, Address of record owner and Relationship with Issuer</b>	<b>Name of Beneficial Owner and Relationship with Record Owner</b>	<b>Citizenship</b>	<b>No. of Shares Held</b>	<b>Percent</b>
Common	Kepwealth, Inc. <sup>a</sup> Unit 3-B, Country Space I Bldg., 133 Sen. Gil Puyat Ave. Salcedo Village, Barangay Bel-Air, Makati City	Alan I. Claveria (Director)	Filipino	Class 'A': 28,817,182 Class 'B': <u>1,715,748</u> 30,532,930	53.35
Common	Keppel Limited <sup>b</sup> 1 Harbour Front Ave, #18-01, Keppel Bay Tower, Singapore 098632	Tan Kuang Liang (Director)	Singaporean	Class 'B': 16,894,087	29.52
Common	PCD Nominee Corp. - Filipino <sup>c</sup> 37/F, Enterprise Bldg., Ayala Ave., Makati City		Filipino Filipino Foreign	Class 'A': 4,386,302 Class 'B' 2,068,746 Class 'B': <u>513,922</u> 6,968,970	12.18

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

on their (beneficial owners) behalf or on behalf of their (PCD) clients. PCD is a private company organized by the major institutions actively participating in the Philippine capital markets to implement an automated book-entry system of handling securities transactions in the Philippines. There are no other clients of PCD-Nominee Corp. that are reported to own more than 5% of the Company's total outstanding and issued common shares.

(2) Security Ownership of Directors and Management as of 30 April 2024:

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

(3) Voting Trust Holders of 5% or More

There are no voting trust holders of 5% or more --

(4) Changes in Control

There is no change in control of the registrant and there is no arrangement which may result in change of control.

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

5. Directors and Executive Officers

(a) (1) Directors

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

1. \* **Kevin Chng Chee Keong**, 51, Singaporean, has been the Chairman of the Board since 8 May 2020. He is currently the Chief Financial Officer of Keppel Ltd, a role he assumed since 1 January 2024. He was previously the Deputy Chief Financial Officer of Keppel, after his position as Chief Financial Officer of Keppel Offshore and Marine from January 2020 to February 2023. He joined Keppel as General Manager of Group Risk Compliance in November 2016. Prior to joining Keppel, he had been with Credit Suisse Group in Singapore and Hong Kong for 16 years where he last served as their Regional Head of Internal Audit (Asia Pacific). 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).

Resigned as Director and Chairman of the Company last April 1, 2024. He was replaced by Tan Kuang Liang as of April 3, 2024.

**Mr. Tan Kuang Liang**, 49, Singaporean, joined Keppel Group in 2012 and is currently the President of Keppel Land Indonesia and Regional Investments. Before his current appointment, he was the General Manager for Operational excellence with oversight on Sustainability, Safety, Corporate social responsibility, and Project management at Keppel Management Ltd. (KML). Prior to joining KML, he led CapitaLand's South China operations, Jurong China group's business development, and worked in CPG Consultants. He is currently the Chairman of the Board and President of Keppel Philippines Properties, Inc. since 10 February 2023.

Mr. Tan graduated with BSc Building (2nd Upper Hons) from the National University of Singapore and completed his MSc. Sustainable Building Design (Merit) from the University of Nottingham under BCA-WDA Scholarship in 2016. He is a Green Mark Advanced Accredited Professional and a member of the Singapore Institute of Arbitrators and Society of Project Managers.

2. **Alan I. Claveria**, 52, 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 KPSI Property, Inc., Goodwealth Realty Development Corp., Goodsoil Marine Realty, Inc., Consort Land, Inc., and Consort Capital, Inc. He provides advice in matters relating to

corporate affairs and communication administration, human resources, and real estate, drawing from his experience from holding various positions in Keppel's present and previously owned 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.

- 3.. **Celso P. Vivas**, 77, 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, Chairman of the Governance, Nomination and Compensation Committee and member of the Audit 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 Committee, and Governance, Nomination and Compensation Committee; Chairman of Republic Glass Holdings Corp.'s Governance, Nomination and Compensation Committee, and member of the Audit and Compliance Committee. He is also an Independent Director of Goodsoil Marine Realty, Inc., Goodwealth Realty Development, Inc., and Consort Land Inc., subsidiaries & related companies of KPHI. He was Independent Director and Chairman of the Audit Committee of Keppel Philippines Marine, Inc. and Keppel Subic Shipyard, Inc. till June 2022. He was Risk Consulting Partner and Assurance Business Advisory Partner of SGV & Company until his retirement in 2001. Mr. Vivas obtained his Bachelor's Degree in Business Administration (Cum Laude) from the University of the East. He also obtained a Master's Degree in Business Management from the Asian Institute of Management (SGV & Co. Scholar). He is also a graduate of Company Directors' Course from Australian Institute of Company Directors (ICD Scholar). Mr. Vivas is a Certified Public Accountant and has over 50 years of experience in audit, finance, enterprise risk management, and corporate governance.
4. **Ramon J. Abejuela**, 74 years old, Filipino, has been an Independent Director of Keppel Philippines Holdings, Inc. since 14 September 2017. He is also the Chairman of the Corporate Governance and Nomination Committee and member of the Audit, Risk and Compliance Committee of Company. 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 and Compliance Committee and member of the Governance, Nomination and Compensation Committee of KPPI. He serves as Independent Director and Chairman of the Audit Committee of Mabuhay Vinyl Corporation as of July 2022 to present. He served as Independent Director of Keppel Philippine Marine, Inc. and Keppel Subic Shipyard, Inc. in June 2020 to June 2022. He also serves as Director and Vice Chairman of the Board of Philippine Nutri-Foods Corporation and NCP Publishing Inc. since 2004. Mr. Abejuela holds a Bachelor of Science in Chemical Engineering Degree (cum laude) from De La Salle University and a Master's Degree in Business Management – General Management Curriculum from the Asian Institute of Management. Mr. Abejuela has more than 45 years of experience in the field of financial planning, control, and consultancy.
5. **Leonardo R. Arguelles, Jr.**, 74, 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 is a member of the Audit Risk and Compliance Committee and Corporate Governance and Nomination Committee of the Company. He is also a member of the Audit and Compliance Committee and Governance, Nomination and Compensation Committee of KPPI. He was the President and Director of Unicapital Securities Inc. (Stockbroker) from 2001 to March 2019 and Managing Director of Unicapital, Inc (Investment House) from 2003 to March 2019. He was an Advisory Board Member of Basic Energy Corporation (listed company) from 2012 to 2019 and Director of Des Eaux Utilities Corp from 2007 to March 2019. He was an Independent Director of Royal Bank of Scotland, Manila Branch from 2002 to 2009 and Anglo Philippines Holdings (listed company) from 2004 to 2007. He was Executive Director of Keppel IVI Investments from 1989 to 1997. He graduated from Ateneo de Manila University with AB Economics. He has more than 45 years of experience in the field of investment banking.
6. **Stefan Tong Wai Mun**, 51, 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 Seatrium Philippines Marine, Inc. (formerly Keppel Philippines Marine, Inc.) in February 2010 and Executive Vice-President in June 2011. He is also a regular Director of various Keppel and Seatrium 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 25 years of experience in banking, finance, and real estate.
7. **Felicidad V. Razon**, , 63, 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 regular director and officer of KPH related companies. Prior to Keppel Group, Ms. Razon was the Finance Manager/Officer of Benguet Corporation's fully owned subsidiaries involved in manufacturing, shipping and freight forwarding. She graduated from Polytechnic University of the Philippines with Bachelor of Science Degree in Commerce Major in Accountancy and is a Certified Public Accountant. She has more than 35 years of experience in her field of profession.

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

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

The Nomination Committee (now changed and called as "Corporate Governance & Nomination Committee" following approval by the Board on 16 June 2023) composed of Ramon J. Abejuela (Chairman), Celso P. Vivas, Leonardo R. Arguelles, and Stefan Tong Wai Mun received recommendations for the position of Chairman, regular and independent directors for the Company. The said recommendations were signed by the nominating stockholders together with the acceptance and conformity of the would-

be nominees. The nominating stockholders are not acting as a nominee or representative of any director or substantial shareholder of the Company, and/or any of its related companies and/or any of its substantial shareholders, pursuant to a deed of trust or under any contract or arrangement. The qualifications of the candidates were pre-screened by the Corporate Governance and Nomination Committee on its meeting held on 10 May 2024. Hereunder is the Final List of Candidates:

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

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

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

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

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

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

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

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

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

### (3) Incumbent Directors and Officers

- (a) **Alan I. Claveria**, President - (See foregoing Director's Profile)
- (b) **Felicidad V. Razon**, Vice President / Treasurer / Compliance Officer / Corporate Information Officer – (See foregoing Director's Profile)
- (c) **Maria Melva E. Valdez**, Corporate Secretary, 64, 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 Esguerra Law Offices. She is the Chairman of the Board of Directors & President of Servier Philippines, Inc., Director & President of Taurus First Properties, Inc., and Director & Corporate Secretary of Sagara Metro Plastics Industrial Corporation; Atty. Valdez also holds directorship positions in the following companies: Leighton Contractors (Phils), Inc., Asia Contractors Holdings, Inc., Cambe Dental Billing Services, Inc., KPSI Property, Inc., Opon Realty & Development Corp., and Opon-KE Properties, Inc.; a member of the Board of Trustees of the AIM Scientific Research Foundation, Inc., FIF Foundation, Inc. and a Trustee & Treasurer of Philippine-Japan Economic Cooperation Committee, Inc. She has been the Corporate Secretary of KPHI, Keppel Philippines Properties Inc., and Mabuhay Vinyl Corporation (listed corporations), Seatrium Philippines Marine, Inc., Seatrium 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, EMS Services International Inc., Wartsila Philippines Inc., Calamba Medical Center, Inc., Calamba Cancer Center, Inc., Saint John the Baptist Medical Center, Inc., Kopiko Philippines Corporation and Toyota Corolla Sapporo Philippines Holdings, Inc. Atty. Valdez is a member of the Philippine-Japan Society, Inc. and 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 37 years of working experience in her field of profession as a lawyer.

- (d) **Pamela Ann T. Cayabyab**, 41, 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. She is likewise the Corporate Secretary of Gruppo EMS Inc., EMS Resources Technology Inc., EMS Services Philippines, Inc., and Creotec Philippines Inc. since April 2024. Atty. Cayabyab is a Senior Partner of Bello Valdez & Esguerra Law Offices. 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.

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

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

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

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

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

**(4) Significant Employees**

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

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

**(5) Family Relationships**

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

**(6) Involvement in Certain Legal Proceedings**

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

**(7) Certain Relationships and Related Transactions**

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

In the ordinary course of business, the Company has transactions such as lease rental, short-term loans, payroll and management services and other charges or reimbursements with companies considered as related parties or its affiliates. The significant transactions with affiliates are indicated in Note 11 - Related Party Transactions of the Accompanying Audited Consolidated Financial Statements and in Item E of the Management Report on page 21 of this report.

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

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

## 6. Compensation of Directors and Executive Officers

- (a) As the Company is an investment holding company, it only has two (2) senior officers, namely, Alan I. Claveria, the President and Felicidad V. Razon, the Vice-President/Treasurer.

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

Name & Principal Position	Year	Salary (₱)	Bonus	Other Compensation
Aggregate for All Officers	2024 - Estimate	4,700,000	None	None
	2023	5,181,000	None	None
	2022	8,972,000	None	None
Aggregate for All Directors	2024	None	None	None
	2023	None	None	None
	2022	None	None	None

- (b) Under the Company's By-Laws, directors shall receive such compensation for their services from time to time as maybe fixed by the stockholders. For the year 2023, there is no annual directors' fee. However, payment was made on a per diem for each meeting attended. There is no bonus, profit sharing or other compensation plan, contract, or arrangement in which any director, nominee for election as director, or executive officers of the registrant will participate.

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

Actual directors paid and accrued in 2023 are as follows:

Name of Director	Compensation (as Director)	Per Diem (2023)	Total
Kevin Chng Chee Keong	-	86,000	86,000
Alan I. Claveria	-	-	-
Celso P. Vivas*	-	164,500	164,500
Ramon J. Abejuela*	-	164,500	164,500
Leonardo R. Arguelles, Jr.*	-	146,500	146,500
Stefan Tong Wai Mun	-	105,000	105,000
Felicidad V. Razon	-	-	-

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

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

## 7. Independent Public Accountants

- (a) The external auditor of the Company for the most recently completed calendar year of 2023 is Isla Lipana & Co. (PwC). The Audit Risk and Compliance Committee, composed of Celso P. Vivas (Chairman), Ramon J. Abejuela, Leonardo R. Arguelles, Jr., and Stefan Tong Wai Mun, has recommended to the Board the re-appointment of Isla Lipana & Co (PwC) as the external auditor of the Company for the fiscal year 2024. The same shall be submitted to the stockholders for approval at the forthcoming annual stockholders' meeting.

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

- (b) Ms. Imelda Dela Vega Mangundaya is the partner-in-charge for the audited financial statements of the Company for the year 2023. While Ms. Catherine H. Santos, Partner of Isla Lipana & Co. (PwC), is the partner-in-charge for the audited financial statements of the Company for the years ended 31 December 2022, 2021, and 2020. Representatives of Isla Lipana & Co. are expected to be present during the stockholders' meeting. The representatives will have the opportunity to make statements if they desire to do so and will be available to respond to appropriate questions from the security holders.

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

- (c) The aggregate annual external audit fees billed for each of the last three (3) fiscal years for the audit of the Company's annual financial statements or services that are normally provided by the external auditor amounted to ₱0.6 million in 2023 and in 2022 and ₱0.5 million

in 2021. There were no other services paid to Isla Lipana & Co. in 2023 and 2022. In 2021, the Company paid a tax service fee amounting to relating to tax case of GMRI with the BIR for year 2017 which was cleared and terminated by the BIR on 14 March 2022.

(d) During the Registrant's two (2) most recent fiscal years or any subsequent interim period,

- (1) No independent accountant who was previously engaged as the principal accountant to audit the registrant's financial statements, or an independent accountant on whom the principal accountant expressed reliance in its report regarding a significant subsidiary, has resigned (or indicated it has declined to stand for re-election after the completion of the current audit) or was dismissed; and
- (2) No new independent accountant has been engaged as either the principal accountant to audit the registrant's financial statements or as an independent accountant on whom the principal accountant has expressed or is expected to express reliance in its report regarding a significant subsidiary.

## 8. Compensation Plans

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

## C. ISSUANCE AND EXCHANGE OF SECURITIES – Not Applicable

## D. OTHER MATTERS

### 15. Actions with Respect to Reports

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

- (a) Annual Report and Audited Financial Statements for the year ended 31 December 2023.

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

- (b) Minutes of the 2023 Annual Meeting of the Stockholders

Approval of the Minutes of the 2023 Annual Stockholders' Meeting held on 16 June 2023 constitutes a ratification of the accuracy and faithfulness of the Minutes as to the events which transpired during the said meeting, such as the Approval of the Minutes of the Annual Stockholders' Meeting held on 17 June 2022, Presentation of the 2022 Annual Report and Approval of the 2022 Audited Financial Statements, Ratification of Corporate Acts and Proceedings of the Board of Directors, Officers and Management for the Period under Review, Election of Directors for the Year 2023 - 2024, Approval of Directors' Remuneration, and Appointment of External Auditor.

This does not constitute a second approval of the same matters taken up at the 2023 Annual Stockholders' Meeting which had already been approved.

STOCKHOLDERS PRESENT:

Total No. of Shares Outstanding	57,233,019
Total No. of Shares Present (in Person or Proxy)	47,429,003
Percentage of Shares of Stockholders Present	82.87%

DIRECTORS AND OFFICERS PRESENT:

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

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

MATTERS DISCUSSED	RESOLUTION	VOTING RESULTS
Approval of the Minutes of the Previous Annual Stockholders' Meeting Y2022	Approved	F – 82.87%; Ag– 0%; Ab – 0%
Presentation and Approval of the Y2022 Annual Report and Audited Financial	Approved	F – 82.87%; Ag– 0%; Ab – 0%

Statements		
Ratification of the Acts and Proceedings of the Board of Directors, Officers and Management of the Corporation during the Year under Review 17 June 2022 to 16 June 2023	Approved	F – 82.87%; Ag– 0%; Ab – 0%
Election of Directors	Approved	F – 82.87%; Ag– 0%; Ab – 0%
Approval of Directors' Remuneration for Y2022 Approved	Approved	F – 82.87%; Ag– 0%; Ab – 0%
Appointment of External Auditor for Y2023	Approved	F – 82.87%; Ag– 0%; Ab – 0%

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

#### 16. Matters Not Required to be Submitted

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

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

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

#### 18. Other Proposed Action

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

- (a) Ratification of Corporate Acts and Proceedings of the Board of Directors, Officers and Management covering the period 16 June 2023 (date of Y2023 ASM) to 12 May 2024. These acts and proceedings are covered by resolutions of the Board of Directors duly adopted in the course of business which includes, among others: appointment of signatories/approval of signing authorities and limits; treasury matters related to opening of accounts and bank transactions; and appointment of officer.

##### Corporate Acts/Resolutions (June 2023 to May 2024)

16 June 2023 (Regular Meeting)	<ul style="list-style-type: none"> <li>Approval of Directors' Remuneration for 2023</li> <li>Approval of Cash Dividend Declaration</li> </ul>
16 June 2023 (Organizational Meeting)	<ul style="list-style-type: none"> <li>Election of Officers for ensuing year 2023 - 2024</li> <li>Appointment of Chairmen, Members of Various Committees and Compliance Officer/Corporate Information Officer</li> </ul>
11 August 2023 (Regular Meeting)	<ul style="list-style-type: none"> <li>Approval of Y2023 2<sup>nd</sup> Quarter Financial Results (SEC Form 17-Q) and Interim Results</li> </ul>
10 November 2023 (Regular Meeting)	<ul style="list-style-type: none"> <li>Approval of Y2023 3<sup>rd</sup> Quarter Financial Results (SEC Form 17-Q)</li> </ul>
29 January 2024 (Regular Meeting)	<ul style="list-style-type: none"> <li>Approval of the 2023 Consolidated and Parent Company Audited Financial Statements and the Release thereof</li> <li>Approval of the 2022 Annual Report (SEC Form 17-A) and Sustainability Report and the Release thereof</li> <li>Setting of the Annual Meeting of Stockholders on 16 June 2023 and Record Date of 22 May 2023</li> <li>Appointment of External Auditor</li> </ul>
7 March 2024 (Special Meeting)	<ul style="list-style-type: none"> <li>Disposition of Assets</li> </ul>
3 April 2024 (Special Meeting)	<ul style="list-style-type: none"> <li>Resignation of a Director and Chairman and Election of Replacement</li> </ul>

- (b) Election of members of the Board of Directors for the year 2024 – 2025  
(c) Appointment of External Auditor

#### 19. Voting Procedures

- (a) An affirmative vote by the stockholders owning at least a majority of the outstanding capital stock shall be sufficient for the approval of the 1) Minutes of the Previous Stockholders' Meeting; 2) Audited Financial Statements; 3) Ratification of the Acts and Proceedings of the Board of Directors, Officers and Management of the Company from the date of the last annual stockholders' meeting as reflected in the minutes; and 4) Appointment of External Auditor.
- (d) The holders of a majority of interest of all outstanding stock of the Company entitled to vote at the meeting, in person or by proxy, shall constitute a quorum for the transaction of business.
- (e) The holders of common stock are entitled to one vote per share, but in connection with the cumulative voting feature applicable to the election of directors, each stockholder is entitled to as many votes as shall equal the number of shares held by such person at

the close of business on the record date, multiplied by the number of directors to be elected. A stockholder may cast all of such votes for a single nominee or may apportion such votes among any two or more nominees. The shares shall be voted/cast by secret balloting and/or raising of hands. In all matters included in the agenda, except the election of directors, the counting of votes will be done through the regular method. For the election of directors, the counting will be cumulative.

- (f) In the election of director, the seven (7) nominees with the highest number of votes will be elected directors. If the number of nominees for election as directors does not exceed the number of directors to be elected, the Secretary of the Meeting shall be instructed to cast all votes represented at the Meeting equally in favor of all such nominees. Stock Transfer Service, Inc., a stock transfer agent, is present to count and validate the votes during the Annual Stockholders' Meeting. On the other hand, if the number of nominees for election as directors exceeds the number of directors to be elected, voting shall be done by ballot, cumulative voting will be followed and counting of votes shall be done by representatives of the Company's external auditor or, in their absence, by the Corporate Secretary.
- (g) According to the Company's Guidelines for Participation and Voting in absentia for 2024 Annual Stockholders' Meeting, stockholders who have successfully registered shall be notified via email of their unique log-in credentials for the voting portal. The Presiding Officer shall ask the stockholders to vote on matters following the ASM Agenda. Participants can send their votes/objections via WebEx Chatbox. Motions shall be considered carried upon garnering votes of present stockholders.

#### **Method of Counting Votes**

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

#### **20. Participation through Remote Communication**

The Presiding Officer of the ASM shall ask the stockholders if they have questions on matters discussed. Participants can send their questions via the WebEx Chatbox. The Presiding Officer and Moderator will read the questions. Concerned company representatives shall endeavor to answer the questions as time will allow. Stockholders may send their questions in advance by sending an email bearing the subject "ASM 2024 Open Forum/Questions" to [info@keppelph.com](mailto:info@keppelph.com) on or before 10 June 2024.

<b>PART II</b>
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**INFORMATION REQUIRED IN A PROXY FORM**  
**(This form shall be prepared in accordance with paragraph (5) of SRC Rule 20)**

**NOT APPLICABLE**

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**PART III**

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**SIGNATURE PAGE**

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct. This report is signed in the City of Pasig on 16 May 2024

**KEPPEL PHILIPPINES HOLDINGS, INC.**

By:

  
**MARIA MELVA E. VALDEZ**  
Corporate Secretary

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

**KEPPEL PHILIPPINES HOLDINGS, INC.**

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

Attention: **The Corporate Secretary**

# KEPPEL PHILIPPINES HOLDINGS, INC. MANAGEMENT REPORT

## INFORMATION OF THE COMPANY

### A. Description of Business

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

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

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

#### Subsidiaries under real estate industry:

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

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

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

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

KPHI owns the following properties:

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

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

\* Land located in Bauan, Batangas was sold to an external party on March 7, 2024.

### B. Legal Proceedings

On June 2, 2021, the Parent Company sold its land rights in a 10.4 has. property located in Bauan, Batangas to a non-related company. The property is the subject of an ongoing case in the Regional Trial Court (RTC) in Batangas. As part of the conditions of the sale, the necessary motions for substitution were made in court to replace the Company with the buyer as the new plaintiff. On March 10, 2022, the RTC granted the Parent’s Company’s motion for substitution resulting in the extinguishment of any probable liabilities. Thereafter, PNOC filed a Petition for Certiorari with the Court of Appeals (CA) with the latter rendering judgment in favor of PNOC on October 25, 2023. Motions for reconsideration were filed on November 24, 2023 with the case remaining pending as the CA has yet to rule.

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

### C. Securities of the Registrant

#### Market Price, Dividends and Related Stockholder Matters

The principal market of the Company’s common equity is PSE where it was listed last 26 August 1987. The high and low closing prices for each quarter within the last two (2) fiscal years and first quarter of 2024 as traded at the Philippine Stock Exchange are as follows:

	2023		2022	
	High	Low	High	Low
First Quarter	'A' P7.60	'A' P5.12	'A' P7.04	'A' P6.10
	'B' P6.48	'B' P4.35	'B' P8.08	'B' P6.20
Second Quarter	'A' P7.30	'A' P5.00	'A' P8.00	'A' P6.60
	'B' P9.37	'B' P6.55	'B' P8.25	'B' P6.60
Third Quarter	'A' P7.82	'A' P4.02	'A' P9.90	'A' P6.32
	'B' P10.44	'B' P4.86	'B' P10.70	'B' P6.12
Fourth Quarter	'A' P6.48	'A' P3.27	'A' P6.60	'A' P6.60
	'B' P7.40	'B' P4.90	'B' not traded	'B' not traded

	2024	
	High	Low
First Quarter	'A' P 8.80	'A' P4.99
	'B' P8.00	'B' P6.01

	High	Low	Closing Price
22 May 2024	'A' P19.48	'A' P18.04	'A' P19.40
21 May 2024	'B' P21.60	'B' P19.00	'B' P21.60

The number of shareholders of record as of 30 April 2024 was 411.

Common shares outstanding as of 30 April 2024 were 57,233,019 broken down as follows:

Nationality	Class	No. of Shares	%
Filipino	A	35,756,070	62.48
Filipino	B	3,869,576	6.76
Foreign	B	17,607,373	30.76
Total		57,233,019	100.00

The Company has 17.13% or 9,805,958 shares owned by the public out of the 57,233,019 total outstanding shares as of 30 April 2024.

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

	Shareholders	No. of Shares Held	%
1.	Kepwealth, Inc.	30,532,930	53.35
2.	Keppel Corporation Ltd.	16,894,087	29.52
3.	PCD Nominee Corp. – Filipino *	6,455,048	11.28
4.	International Container Terminal Services, Inc.	2,121,287	3.71
5.	PCD Nominee Corp. – Foreign *	513,922	0.90
6.	Soh Ngoi May	83,179	0.15
7.	Willy Y. C. Lim	60,175	0.11
8.	Edbert G. Tantuco	50,017	0.09
9.	Emilio C. Tiu	23,238	0.04
10.	National Book Store, Inc.	22,422	0.04
11.	Ang Guan Piao	21,900	0.04
12.	Manolo Z. Alcasabas	21,170	0.04
13.	Willy Yew Chai Lim	20,085	0.04
14.	Liwayway Sy	17,938	0.03
15.	Ma. Victoria R. Del Rosario	17,938	0.03
16.	Ramon R. Del Rosario Jr.	17,938	0.03
17.	Dr. Victorino Medrano Jr. &/or Ofelia R. Medrano	13,952	0.02
18.	Procurador General De Padres Franciscano De Manila	11,211	0.02
19.	Josefina Tengco Reyes	11,211	0.02
20.	Barcelon Roxas Securities Inc.	10,077	0.02
Total Outstanding Top 20 Shareholders		56,919,725	99.45%
Other Stockholders		313,294	0.55%
Total Outstanding and Subscribed		57,233,019	100.00%



Top 20 Stockholders of Class "A" shares out of 35,756,070 shares as of 30 April 2024 are as follows:

	Shareholders	No. of Shares Held	%
1.	Kepwealth, Inc.	28,817,182	80.59
2.	PCD Nominee Corp. – Filipino	4,386,302	12.27
3.	International Container Terminal Services, Inc.	2,121,287	5.93
4.	Emilio C. Tiu	23,238	0.06
5.	National Book Store, Inc.	22,422	0.06
6.	Ma. Victoria R. Del Rosario	17,938	0.05
7.	Ramon R. Del Rosario Jr.	17,938	0.05
8.	Liwayway Sy	17,938	0.05
9.	Dr. Victorino Medrano, Jr. &/or Ofelia R. Medrano	13,952	0.04
10.	Josefina Tengco Reyes	11,211	0.03
11.	Procurador General de Padres Franciscano de Manila	11,211	0.03
12.	Barcelon Roxas Securities, Inc.	9,924	0.03
13.	Denis L. Lipio ITF Elizah Anne Lipio	9,697	0.03
14.	Prudencio B. Zuluaga	8,969	0.03
15.	Justino H. Cacanindin	8,969	0.03
16.	Roberto Tan Lim	8,969	0.03
17.	Tomas L. Tiu	8,969	0.03
18.	Ignacio A. Tuazon	7,819	0.02
19.	Del Rosario, Jeannie	6,654	0.02
20.	Tantuco, Edbert G.	5,958	0.02

Total Outstanding Top 20 Class A shareholders	35,536,547	99.39%
Other Stockholders	219,523	0.61%
<b>Total Outstanding and Subscribed</b>	<b>35,756,070</b>	<b>100.00%</b>

Top 20 Stockholders of "Class B" shares out of 21,476,949 shares as of 30 April 2024 are as follows:

	Shareholders	No. of Shares Held	%
1.	Keppel Corporation Ltd.	16,894,087	78.66
2.	PCD Nominee Corporation – Filipino *	2,068,746	9.63
3.	Kepwealth, Inc.	1,715,748	7.99
4.	PCD Nominee Corp. – Non- Filipino *	513,922	2.39
5.	Soh Ngoi May	83,179	0.39
6.	Willy Y.C. Lim	60,175	0.28
7.	Edbert G. Tantuco	44,059	0.21
8.	Ang Guan Piao	21,900	0.10
9.	Manolo Z. Alcasabas	21,170	0.10
10.	Willy Yew Chai Lim	20,085	0.09
11.	Solidbank Trust Division as Sub-Custodian	8,000	0.04
12.	CBNA MLA OBO A/C # 6011800001	7,294	0.02
13.	Franciscan Phil Province	4,484	0.02
14.	Ronald Co &/or Susana Co	1,815	0.01
15.	Lee Patt Yong	1,663	0.01
16.	Keppel Marine Industries Limited	1,594	0.01
17.	BPI TA # 13115826	1,303	0.01
18.	Citibank Mla OBO BBH (Lux) Sub A/C Fidelity	1,195	0.01
19.	Fernando Y. Adrias	1,135	0.01
20.	JONES &/OR YVONNE COLIN J1900099397	797	0.01

Total Outstanding Top 20 Class B shareholders	21,472,351	99.98%
Other Stockholders	4,598	0.02%
<b>Total Outstanding and Subscribed</b>	<b>21,476,949</b>	<b>100.00%</b>

The declaration and payment of dividends will depend, among others, upon the Company's earnings, cash flow, capital requirements and financial condition in addition to other factors. Cash dividends are subject to approval by the Board of Directors but no stockholders' approval is required. Dividends are payable to stockholders whose names are recorded in the stock and transfer books as of the record date fixed by the Board. The Company declared cash dividends in 2023, 2022 and 2021. Cash dividend details are as follows:

	Y2023	Y2022	Y2021
Date of BOD Approval	June 16	June 17	June 18
Record Date	July 7	July 7	July 8
Payment Date	Aug 2	July 31	July 31
Amount of Dividend per Share	₱0.10 or 10%	₱0.10 or 10%	₱0.10 or 10%

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

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

### **Results for the 1<sup>st</sup> Quarter March 2024**

Keppel Philippines Holdings, Inc. ("KPHI" or the "Parent Company") and its subsidiaries (collectively referred to as "the Group") recorded a net income net income of P965.9 million for the first quarter ended March 31, 2024, P961.3 million or 210 times higher than P4.6 million during the same period last year. The reasons for the changes in net income are discussed as follows:

The Group earned P1.3 billion net gain from the sale of investment property of its 51% owned subsidiary, GMRI, of its land with a total area of 24.9 hectares located in Bauan, Batangas to a non-related third party for P1.5 billion on March 7, 2024. The sale comes after a strategic review of investments and the opportunity to sell the land at valuation. The cost of the land, commission, and real property tax totaling P227.9 million were charged against the proceed.

The Group earned interest income from short-term time deposits of P14.6 million as of March 31, 2024, P7.4 million or 103% higher than the interest of P7.2 million earned during the same period last year. The increase in interest earned from deposits was due to higher interest rates of 5.75% to 6% per annum during this period as against 0.5 % to 5.4% per annum in March 2023. In addition, higher amounts of fixed deposits of P2.2 billion this period as compared to P575.5 million as of December 31, 2023, due to the proceed from the sale of land in March 2024.

Rental revenue for the quarter ending March 31, 2024 amounted to P2.8 million lower than P3.2 million in March 2023. The P0.4 million decrease was due to termination of lease rental from SPMI as a result to the Batangas land sale effective March 7, 2023.

During the first quarter of the year, the Group recognized net earnings slightly lower than the same period last year of P1.0 million. The decrease in equity share was due to lower net income of P3.4 million as against the same period last year of P4.0 million recognized by the associate brought about by the decrease in power sales distribution net profit by 41% or P2.9 million due to increase in the distribution cost.

This quarter's operating expenses of P4.7 million are lower by P0.9 million as compared to last year of P5.6 million. The decrease was due to a) recovery of provision for CWT by P1.0 million; b) lower salaries and benefits by P1.3 million; c) lower taxes and licenses by P0.2 million; d) other expenses by P0.1 million. This was partially offset by an increase in professional fees of P1.7 million.

#### **Financial Condition**

The cash position of the Group as of March 31, 2024 amounted to P2.2 billion, P1.6 billion higher than the P0.6 billion recorded as of December 31, 2023. The increase of P1.6 billion is due to the proceeds from the sale of investment property of P1.47 billion and cash provided by the operating activities of P0.13 billion.

Total current receivables as of March 31, 2024 amounted to P6.6 million as against last December 31, 2023 of P3.8 million. The increase was due mainly to the increase in accrued interest receivable of P2.8 million. The non-current lease receivable of P26.0 million as of December 31, 2023, relating to the long-term lease contract of the land, with 19 years remaining life, was terminated at the same time when the land was sold last March 7, 2024. This was charged under the effect of change in accounting for leases in the Retained Earnings.

Other current assets as of March 31, 2024 and as of December 31, 2023 stood both at P0.8 million. This account consists of prepaid expenses, creditable withholding tax, deposits and advances.

Financial assets at fair value through other comprehensive income (FVOCI) was revalued at P80.0 million and P70.0 million for the periods ending March 31, 2024 and December 31, 2023, respectively.

Investments in associates as of March 31, 2024 and December 31, 2023 amounted to P418.5 million and P417.6 million, respectively. The P0.9 million increase was due mainly to the recognition of equity in net earnings of associate.

Total fixed and intangible assets as of March 31, 2024 decreased from P207.6 million as of December 31, 2023 to P5.2 million this year mainly due to the sale of land at Bauan, Batangas carried at P202.3 million. There was acquisition of office equipment (laptop) amounting to P62,053 during the first quarter of 2024.

Total liabilities as of March 31, 2024 and December 31, 2023 amounted to P449.3 million and P6.4 million, respectively. The increase in the liabilities are due to the following: a) higher income tax payable of P240.6 million; b) higher VAT output of P180.0 million, and c) accrued commission of P22.5 million.

The equity attributable to equity holders of the Parent Company as of March 31, 2024 amounted to P1.5 billion as against last December 31, 2023 of P1.0 billion. The increase of P0.5 billion was due to net income of P0.5 billion. The unrealized gain on fair value gain on financial assets at FVOCI of P10.0 million was offset by the effect of a change in accounting for leases amounting to P13.1 million. No dividend declared during the quarter.

Non-controlling interests as of March 31, 2024 amounted to P784.8 million as against last December 31, 2023 of P330.4 million. The increase was due to net income attributable to the noncontrolling interests of P467.5 million net of effect of a change in accounting for leases amounting to P12.6 million.

The book value per share attributable to equity holders of the parent (equity attributable to equity holders of the parent divided by common shares outstanding) at P25.51 as of March 31, 2024 as against December 31, 2023 of P16.85 per share.

Earnings per share attributable to the equity holders of the Parent (net earnings for the quarter divided by common shares outstanding) as shown in the consolidated statement of income is P8.71 and P0.05 as of the quarters ended March 31, 2024 and 2023.

### Year Ended 2023

Keppel Philippines Holdings, Inc. (KPH) and its subsidiaries (the "Company") recorded a net income of P22.3 million in 2023, P12.3 million in 2022, and P269.2 million in 2021. The reasons for the changes in net income are as follows:

In 2023, the Company earned interest income from short-term bank deposits of P32.5 million higher than in 2022 of P6.7 million and in 2021 of P0.9 million. The Company did not earn interest from loans in 2023 as compared with P10.1 million in 2022 and P8.6 million in 2021. This was due to the termination and full repayment of loans in 2022. Movement in interest earned was brought by the changes in interest rates over the years and granting and repayment of loans. The increase on interest from short-term bank deposits was mainly due to increase in interest rates ranging from 5% to 6% in 2023 as against from 0.4% to 5% in 2022, and 0.4% to 0.5% in 2021. Interest rates on loan are agreed upon with the related party on a comparable market rate basis on the date of granting or renewal of the loan. Interest rates on loans range from 2.9% to 5.0% in 2022 and 3.1% to 3.8% in 2021.

Rental revenue for 2023 amounted to P12.8 million as against in 2022 of P11.2 million and P9.1 million in 2021. Rental revenue in 2023 is P1.6 million higher than in 2022 due to an increase in rental rate amounting to P0.4 million and full year recognition of lease rental from external party of P1.2 million. The rental revenue in 2022 was higher than in 2021 due to the non-continuance of rental concessions which were given both in 2021 and 2020 due to difficult business environment arising from the COVID-19 pandemic which affected the operation of SPMI. 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 2023 amounted to P1.6 million, as against P10.0 million and P6.7 million in 2022 and 2021, 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 a cash dividend from CLI amounting to P5.2 million, P7.0 million and P7.5 million in 2023, 2022, and 2021, respectively.

Management fees charged to related parties amounted to P1.4 million in 2023, P1.6 million in 2022 and P0.8 million in 2021. The increase of P0.8 million from 2021 as against 2022 and 2023 was due to service fees earned by the Parent Company with its new accounting services agreement entered with a related company in 2021. The decrease in 2023 as compared with 2022 was due to timing difference in booking of the 4th quarter 2021 new accounting service fees from related company booked only in 2022,

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 to P3.4 million as against P3.6 million in 2021. The agreement was terminated in November 2022.

In June 2021, the Company earned a one-off gain from the sale of land rights on a property in Bauan, Batangas amounting to P345.6 million. The rights were sold to a non-related third-party buyer for a gross price of P358.6 million. A cash deposit to the Supreme Court of P4.1 million, related legal expenses of P1.8 million, and commission expense of P7.2 million incurred and paid in 2021, were applied against the gross price resulting to net gain of P345.6 million. There is no similar transaction in 2022 and 2023.

Operating expenses amounted to P19.1 million this year as against in 2022 of P29.0 million and P22.0 million in 2021. Lower expenses by P9.9 million in 2023 as against 2022 were due to the decrease in salaries and allowances, taxes and licenses, depreciation and amortization, repairs and maintenance, utilities, membership dues and subscriptions, travel and transportation, and recovery of impairment loss on VAT booked in prior years. While the year 2022's operating expenses was higher than in 2021 by P7.0 million due to higher taxes and licenses, repairs, and maintenance. Also, in 2022 there was a provision for impairment on creditable withholding tax of P1.7 million as against recovery of provision for impairment in creditable withholding tax of P4.7 million in 2021.

The Company has unrealized fair value gain on financial asset fair value through other comprehensive income from a golf-club share of P12.0 million in 2023, P14.0 million in 2022, and P9.0 million in 2021. The Company also recognized loss on remeasurement of retirement benefits assets based on retirement actuarial retirement plan amounting to P1.5 million in 2023, gain of P1.7 million and P2.0 million in 2022 and 2021, respectively.

### Financial Condition

The cash position of the Company for the year ended 31 December 2023 amounted to P575.5 million as against the same period last year of P583.0 million. The decrease of P7.5 million was from payment of dividend of P35.0 million, cash absorbed by operations of P1.8 million and income tax paid of P7.2 million. This was offset by the interest received from short-term deposits of P31.4 million and cash dividend received of P5.2 million.

Total receivables both current and non-current in 2023 are at the same level as last year of P29.8 million. Interest receivable from bank deposits amounted to P2.8 million this year as against last year of P1.6 million. The current portion of long-term receivable is at P1.1 million both in 2023 and 2022.

Other current assets are almost at same level both in 2023 and 2022 of P0.8 million. Movements in other current assets came from the following: a) increase in creditable withholding tax by P0.4 million which was offset by decrease in allowance of P0.4 million; b) increase in advances to employees and others by P0.1 million; c) decrease in prepaid expenses by P0.4 million; and d) the provision on Input VAT in 2022 of P0.6 million was fully utilized.

Available-for-sale financial assets related to a quoted club share at fair value price as of December 2023 and 2022 amounted to P70.0 million and P58.0 million, respectively.

Investment in an associate decreased from P421.2 million in 2022 to P417.6 million this year. The net decrease of P3.6 million was due to an equity share in net income of CLI of P1.6 million reduced by the cash dividend received this year amounting to P5.2 million.

Investment properties, Property and equipment and Intangible assets – net of depreciation and amortization as of 2023 amounted to P207.6 million as against P208.4 million in 2022. The decrease of P0.8 million was due to the depreciation for the year. There were no purchases or disposal made during the year.

Total liabilities slightly increased from P5.1 million in 2022 to P6.4 million this year. The increase of P1.3 million was due to recognition of retirement liability of P0.8 million, increase in accrual of expenses and other payables of P0.4 million and increase in advance rental and deposits of P0.1 million.

Total equity as of 31 December 2023 amounted to P1,295.0 million and P1,297.2 million in December 2022. Retained earnings amounted to P773.5 million as of December 2023 as compared to P761.4 million in December 2022. The increase in retained earnings was due to higher net income after non-controlling interests of P17.8 million partially offset by a cash dividend of P5.7 million. The Company also had an unrealized fair value gain on financial asset at fair value through other comprehensive income of P12.0 million and remeasurement loss on retirement benefit obligation of P1.5 million. The Company did not purchase any treasury shares this year. Non-controlling interest of minority shareholders decreased from P355.2 million in 2022 to P330.4 million due to its recognition of P4.5 million shares in the net income of the Company and P29.3 million cash dividends.

The equity attributable to equity holders of the parent amounted to P964.6 million and P942.0 million as of December 2023 and 2022, respectively. The net book value per share as of December 2023 was P16.85 as against December 2022 of P16.46. The earnings per share attributable to the equity holders of the parent as of December 2023 and 2022 were P0.31 and P0.08, respectively.

## Year Ended 2022

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

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

Rental revenue for the 2022 amounted to P11.2 million as against P9.1 million in 2021 and P33.3 million in 2020. Rental revenue in 2022 is higher than in 2021 due to the non-continuance of rental concessions during the year. Rental concessions were given both in 2021 and 2020 due to difficult business environment arising from the COVID-19 pandemic which affected the operation of 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 P10.0 million, as against P6.7 million and P7.6 million in 2021 and 2020, respectively. Increase or decrease in equity in net earnings of associate depends upon the net income realized by CLI during the years. The Company received cash dividend from CLI amounting to P7.0 million, P7.5 million and P8.7 million in 2022, 2021, and 2020, respectively.

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

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

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

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

The Company has unrealized fair value gain on financial asset fair value through other comprehensive income from a golf-club share of P14.0 million in 2022, P9.0 million in 2021, and loss of P2.0 million in 2020. The Company also recognized gain on remeasurement of retirement

benefits assets based on retirement actuarial retirement plan amounting to P1.7 million in 2022, P2.0 million in 2021 and loss in 2020 of P1.1 million.

#### Financial Condition

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

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

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

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

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

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

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

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

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

#### Year Ended 2021

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

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

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

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

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

years. The Company received cash dividend from CLI amounting to P7.5 million, P8.7 million and P10.5 million in 2021, 2020, and 2019, respectively.

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

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

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

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

#### Financial Condition

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

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

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

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

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

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

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

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

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

#### Plan of Action for 2024

KPHI shall focus on maintaining and adding value on its investment properties. Among others, the strategies may include purchase of shares of stock, purchase of additional investment properties, increasing occupancy and rental rates. Certain properties may be considered for sale where it can contribute the best value to the Company and its shareholders. Investment properties of strategic value shall be reviewed for further investments where appropriate. Further, given the sale of Bauan, Batangas property, the proceeds therefrom contributed to KPHI having significantly higher cash balance compared to December 31, 2023. With this, KPHI will review its options for the best use of its cash.

## Key Performance Indicators

The key performance indicators of the Company for the last three (3) fiscal years and first quarter of 2024 are follows:

Particulars	1Q Mar 2024	2023	2022	2021
Current Ratio (Current Assets/Current Liabilities)	4.89	163.48	188.02	172.71
Acid Test Ratio or Quick Ratio (Monetary Current Assets/Current Liabilities)	4.89	163.27	187.75	172.20
Solvency Ratio* (Net Income + Depreciation)/Total Liabilities)	8.60	3.62	2.68	55.35
(Total Assets/Total Liabilities)	6.00	204.35	254.06	263.63
Asset to Equity Ratio	1.20	1.01	1.00	1.00
Debt Ratio (Total Liabilities/Total Assets)	0.17	0.005	0.004	0.004
Debt to Equity Ratio (Total Liabilities/Stockholders' Equity)	0.20	0.005	0.004	0.004
Return on Assets (%) * (Net Income/Total Assets)	143.42	1.71	0.94	20.86
Return on Equity (%) * (Net Income/Stockholders' Equity)	172.12	1.72	0.94	20.94
Earnings per Share Attributable to Equity Holders of Parent (₱) *	34.83	0.31	0.08	4.61
Book Value per Share Attributable to Equity Holders of the Parent (₱)	25.51	16.85	16.46	16.19

\*Annualized

## Material Events and Uncertainties

There are no known trends, commitments, events or uncertainties that will have a material impact, whether favorable or 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. There are no material commitments for capital expenditures, or the general purpose of such commitments that would affect the resources of funds of the Company. There are no seasonal aspects that have a material effect on the financial statements.

## E. Certain Relationships and Related Transactions

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

Related party	Notes	Transactions		Outstanding receivable (payable)		Terms and conditions	
		2023	2022	2023	2022		
Entities under common control							
Loans (a)							
SPMI							
Principal	3	-	(240,000,000)	(10,000,000)	-	-	Outstanding balance is collectible in cash, with terms of 88 to 90 days subject for renewal, interest-bearing at 2.9% to 5% per annum in 2022 (2021 – 3.1% to 3.8%), and unsecured.
Interest income – SPMI	3	-	7,225,921	8,641,563	-	-	
- SSSI		-	2,865,294		-	-	
Leases (b)							
Rental income							
SPMI		1,860,118	10,711,815	8,636,596	-	28,152,763	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	2,280,118	11,131,815	9,056,598	-	28,152,763	
Advance rentals							
SPMI		-	-	175,363	-	(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	(35,000)	(128,892)	
Refundable deposits							
SPMI	7	-	-	175,364	-	(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)							
SPMI		--	221,859	7,304,509	-	-	Outstanding balance is collectible in cash on demand, non-interest bearing and unsecured.
Keppel Enterprise Services Ltd.		106,907	377,035	1,487,751	-	-	

Related party	Notes	Transactions			Outstanding receivable (payable)		Terms and conditions
		2023	2022	2021	2023	2022	
<b>Payroll service fees (d)</b>							
SSSI		-	1,806,659	1,847,942	-	-	
SPMI		-	1,587,965	1,757,056	-	-	
		-	3,394,624	3,604,998	-	-	
<b>Management fees (e)</b>							
Bay Philippines Holdings, Inc.		660,000	825,000	-	-	-	
KECI		240,000	240,000	240,000	-	-	
KIVI		180,000	180,000	180,000	-	-	
Kepventure, Inc.		60,000	60,000	60,000	-	-	
		1,140,000	1,305,000	480,000	-	-	
<b>Sale of fixed assets – SPMI</b>							
		-	3,354,562	-	-	-	
<b>Other income</b>							
<b>Commission (f)</b>							
SPMI		-	-	828,000	-	-	
<b>Director's fees</b>							
KPPI		1400,000	230,000	190,000	-	-	
<b>Associates</b>							
Cash dividends received	6	5,239,859	6,986,479	7,510,465	-	-	Outstanding balance is collectible in cash on pay-out date as approved by the related party's BOD, non-interest bearing and unsecured.
<b>Shareholders of Parent Company</b>							
<b>Cash dividends declared and paid</b>							
Kepwealth, Inc.		3,053,293	3,053,293	3,053,293	-	-	Outstanding balance is payable in cash on pay-out date as approved by the Parent Company's BOD, non-interest bearing and unsecured.
KL		1,689,409	1,689,409	1,689,409	-	-	
Others		990,600	981,140	1,019,130	(765,714)	(721,560)	
	10, 14	5,723,302	5,723,842	5,761,832	(765,714)	(721,560)	
<b>Various expenses and charges (b)</b>							
Kepwealth, Inc.		85,276	221,100	78,811	-	-	Outstanding balance is collectible in cash on demand, non-interest bearing and unsecured.
KL		-	29,131	40,789	-	-	
<b>Management fees (e)</b>							
Kepwealth, Inc.		276,000	276,000	276,000	-	-	
<b>Non-controlling interests (NCI)</b>							
Cash dividends declared and paid		29,307,425	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 SPMI and SSSI. The loans were fully paid in November 2022.

	2023	2022	2021
January 1	-	240,000,000	250,000,000
New loans granted	-	100,000,000	-
Collections	-	(340,000,000)	(10,000,000)
December 31	-	-	240,000,000

(b) *Leases*

The Group leases certain investments properties to related parties. SPMI formerly known as KPPI is no longer considered as related party of the Group effective March 1, 2023.

	2023	2022	2021
External party	9,336,590	-	-
Related party	1,860,118	10,711,815	8,636,598
	11,196,708	10,711,815	8,636,598

(c) *Various expenses and charges*

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

In June 2021, the Company paid commission to SPMI related to the sale of interests in land rights amounting to P7.2 million. There were no such transactions in 2023 and 2022.

(d) *Payroll service fees*

In 2020, the Group entered into payroll service agreements with KSSI and KPPI for the use of the payroll system of the Group. The Group charges these parties at agreed service fees for the one-time and recurring charges incurred by the Group. These agreements



are considered renewed every year thereafter and subject to mutual amendments or termination by the parties. The agreement was terminated effective November 2022.

(e) *Management fees*

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

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

(f) *Commission*

In 2021, the Group also entered into one-time agreement with SPMI 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 P0.8 million in 2021 and nil in 2023 and 2022.

## F. Management and Certain Security Holders

### Directors, Executive Officers

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

## G. Information on Independent Accountants and Other Related Matters

### (1) External Audit Fees and Services

- a. **Audit and Related Fees** - The Company proposes to have the external auditor, Isla Lipana & Co. (PwC) to audit the financial statements for the Year 2024. Amount of fee will be discussed with the Management.  
The aggregate fee billed by Isla Lipana & Co. for 2023 audit of the Company' s annual financial statements was **₱0.6 million and P0.5 million in 2020 and 2021**. There were no other services performed by Isla Lipana & Co. last three (3) fiscal years. The services performed by the Company's external auditors and the fees are reviewed by the Audit Risk and Compliance Committee (ARCC) prior to submission to the Board of Directors for approval.
- b. **Tax Fees** – No tax fees were paid for the years 2023 and 2022. In 2021, tax service fee for tax case of GMRI with the BIR for the year 2017 was paid to Isla Lipana & Co. This tax case was terminated and close in March 2022.
- c. **Other Fees** – No other fees were paid for the years 2023, 2022 and 2021.
- d. **Audit Risk & Compliance Committee's Approval Policies & Procedures** – The Committee evaluates proposals based on the quality of service, commitment for deadline and fees. The Committee may require a presentation from each proponent to clarify some issues.

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

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

## H. Corporate Governance

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

Four of the seven members of the Board of Directors of the Company and Officers completed a seminar on Corporate Governance (Leading Change: Best Leadership Practices for Fast and Effective Change Management) on 30 August 2023; two attended the seminar on Roles, Responsibilities and Liabilities of Board of Directors on 11 September 2023 and 1 attended the seminar on Best Practices in Stakeholder Engagement on 28 September 2023, conducted by Center for Global Best Practices.

Per SEC Memorandum Circular No. 15, Series of 2017 and SEC Memorandum Circular No. 10, Series of 2019, publicly-listed companies such as KPHI is required to submit an Integrated Annual Corporate Governance Report (I-ACGR). The Company submitted its I-ACGR for year 2021 on 31 May 2022 and for the year 2022 on 29 May 2023. There was no Advisement Report in 2023 since there was no material transaction reaching 10%-of- total-assets limit.

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

The Board's responsibility is to oversee the business, assets, affairs and performance of the Company in the best interest of its shareholders. The Board focuses its activities on corporate strategy, major investments and divestments, financial performance, risk

management and other corporate governance practices. Management's responsibility is to run the business in accordance with the policies and strategies set by the Board. The Company held six (7) Board of Directors meetings in 2023.

Name	Date of Board Meeting								
	27 January 2023 Special	17 February 2023 Regular	22 March 2023 Special	12 May 2023 Regular	16 June 2023 Regular	16 June 2023 Organizational	11 August 2023 Regular	10 November 2023 Regular	% of Attendance
1. Kevin Chng Chee Keong	✓	✓	✓	✓	✓	✓	✓	✓	100%
2. Celso P. Vivas - Lead Independent Director	✓	✓	✓	✓	✓	✓	✓	✓	100%
3. Ramon J. Abejuela Independent Director	✓	✓	✓	✓	✓	✓	✓	✓	100%
4. Leonardo R. Arguelles Independent Director	✓	✓	✓	✓	✓	✓	✓	x	86%
5. Stefan Tong Wai Mun	✓	✓	✓	✓	✓	✓	✓	✓	100%
6. Alan I. Claveria	✓	✓	✓	✓	✓	✓	✓	✓	100%
7. Felicidad V. Razon	✓	✓	✓	✓	✓	✓	✓	✓	100%

**Legend:**

✓ -- present      ✖ -- absent

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

The Audit Risk and Compliance Committee (ARCC), renamed as such following approval by SEC of the amendment of the Company by-laws on 20 February 2023 and previously known as Audit Risk Management and Compliance Committee, assists the Board to ensure integrity of financial reporting and that there is in place sound internal control, enterprise risk management systems and related party transactions. All ARCC members have the related financial and accounting expertise and experience necessary to discharge their responsibilities. The Company adopted a Committee Charter submitted to SEC on 2 October 2012. The ARCC comprises of the following members: Celso P. Vivas as Chairman - Lead Independent Director; Ramon J. Abejuela - Independent Director, Leonardo R. Arguelles - Independent Director and Stefan Tong Wai Mun - Director, as members. The ARCC met six (6) times in 2023 (27 January, 17 February, 12 May, 11 August, 10 November and 21 December). The ARCC met the external auditor, Isla Lipana & Co. (PwC), on 21 December 2023 without the presence of the management.

The Corporate Governance and Nominations Committee (CGNC) covers matters on corporate governance, nomination and compensation. It is comprised of Ramon J. Abejuela as Chairman/Independent Director, Celso P. Vivas – Lead Independent Director, Leonardo R. Arguelles – Independent Director and Stefan Tong Wai Mun - Director, as members. The CGNC met two (2) times in 2023 (12 May and 11 August).

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

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

The Board Assessment Evaluation - Self-Assessment Result for the year 2022-2023 was discussed during the Corporate Governance & Nomination Committee meeting held on 11 August 2023. Total score for the evaluation for the year 2022-2023 is 81% Outstanding, 17% Consistently Good and 2% Needs Improvement as compared to year 2021-2022 board evaluation results of 61% Outstanding, 36% Consistently Good and 3% Needs Improvement.

The Board of Directors of the Company approved its Amended Manual on Corporate Governance on 4 February 2010 pursuant to SEC Memorandum Circular No. 6, series of 2009 (Revised Code of Corporate Governance) and submitted the same to SEC on 15 March 2010. The Company also complied with the submission of SEC Form ACGR (Annual Corporate Governance Report) to SEC and PSE (online) on 1 July 2013 as per SEC Memorandum Circular No. 5, series of 2013. The Company submitted the New Manual on Corporate Governance in July 2017 and was revised and approved on 10 November 2017. The Company also submitted to SEC its I-ACGR for the Y2017 on 30 May 2018, for the Y2018 on 30 May 2019, for the Y2019 on 24 August 2020 via email and courier, for the Y2020 on 30 May 2021, for the Y2021 on 31 May 2022, and for Y2022 on May 29, 2023.

**KEPPEL PHILIPPINES HOLDINGS, INC.**  
**2024 ANNUAL STOCKHOLDERS' MEETING**  
**14 June 2024, Friday, at 11:00 am**

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

The 2023 Annual Stockholders' Meeting (ASM) of Keppel Philippines Holdings, Inc. (KPH or the Company) is scheduled on 14 June 2024, Friday, at 11:00 a.m. and the Board of Directors of the Company has fixed the end of trading hours of the Philippine Stock Exchange on 20 May 2024 (Record Date) as the record date for the determination of stockholders entitled to the notice of, to amend, and to vote at such meeting and any adjournment thereof.

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

**Registration**

Stockholder must notify the Corporate Secretary of their intention to participate in the ASM via remote and to exercise their right to vote in absentia by no later than 10 June 2024, by registering at [info@keppelph.com](mailto:info@keppelph.com) and by submitting there the following supporting documents/information, subject to verification and validation:

1. Individual Stockholders
  - a. Copy of valid government ID of stockholder/proxy with photo
  - b. Stock certificate number/s
  - c. If appointing a proxy, copy of proxy form duly signed by stockholder (need not be notarized)
  - d. E-mail address and contact number of stockholder or proxy
  
2. Multiple Stockholders or joint owners
  - a. Stock certificate number/s
  - b. Proof of authority of stockholder voting the shares signed by the other registered stockholders, for shares registered in the name of multiple stockholders (need not be notarized)
  - c. Copy of valid government IDs of all registered stockholders with photo
  - d. E-mail address and contact number of authorized representative

3. Corporate Stockholders
  - a. Secretary's Certification of Board resolution appointing and authorizing proxy to participate in the ASM
  - b. Valid government ID of the authorized representative with photo
  - c. Stock certificate number/s
  - d. E-mail address and contact number of authorized representative
4. Stockholders with Shares under broker account
  - a. Certification from broker as to the number of shares owned by stockholder
  - b. Valid government ID of stockholder with photo
  - c. If appointing a proxy, copy of proxy form duly signed by stockholder (need not be notarized)
  - d. E-mail address and contact number of stockholder or proxy

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

### Online Voting

Stockholders who have indicated their intention to participate via remote communication by sending a notification/confirmation of their attendance by e-mail to info@keppelph.com on or before 10 June 2023 shall receive an e-mail acknowledgment thereof and a Microsoft Teams online meeting invitation.

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

Participants can send their votes/objections via the Microsoft Teams Chat box

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

### Open Forum/Questions

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

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

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

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

Stockholders may send their questions in advance by sending an email bearing the subject "ASM 2024 Open Forum/Questions" to [info@keppelph.com](mailto:info@keppelph.com) on or before 10 June 2024.

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

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

**COVER SHEET**  
for  
**AUDITED FINANCIAL STATEMENTS**

SEC Registration Number

6	2	5	9	6						
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**COMPANY NAME**

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

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

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

Form Type

A	A	F	S
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Department requiring the report

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Secondary License Type, if Applicable

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**COMPANY INFORMATION**

Company's Email Address

info@keppelph.com
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Company's Telephone Number/s

02-88921820
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Mobile Number

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No. of Stockholders

410 as of 31 Dec 2023
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Annual Meeting (Month/Day)

Any Day in June
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Fiscal Year (Month/Day)

December 31
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**CONTACT PERSON INFORMATION**

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

Name of Contact Person

Felicidad V. Razon
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Email Address

info@keppelph.com
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Telephone Number/s

02-88921820
-------------

Mobile Number

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**CONTACT PERSON'S ADDRESS**

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



NC002G025Z

## 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 28<sup>th</sup> day of **March 2024** at Singapore when **Mr. KEVIN CHNG CHEE KEONG** duly signed the annexed **STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS** and that the signature of **Mr. KEVIN CHNG CHEE KEONG** thereto subscribed is of the proper handwriting of the said **Mr. KEVIN CHNG CHEE KEONG**.

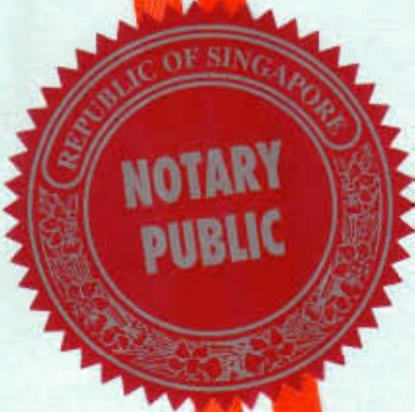
IN FAITH AND TESTIMONY whereof I the said notary have subscribed my name and set and affixed my seal of office at Singapore, this 28th day of March 2024.

NOTARY PUBLIC  
SINGAPORE



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

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



# APOSTILLE

(Convention de La Haye du 5 Octobre 1961)

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

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

To verify this Apostille, go to

<https://legalisation.sal.sg>

or scan QR code:



Verification code: 94810651

1. Country:	Singapore
<b>This public document</b>	
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
<b>Certified</b>	
5. At:	Singapore Academy of Law
6. The:	28th March 2024
7. By:	Melissa Goh, Director, Trust Services, SAL
8. No.:	AC002G0HZF
9. Seal/Stamp:	10. Signature: 





**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, 2023 and 2022**, 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.



**KEVIN CHNG CHEE KEONG**  
Chairman of the Board

**ALAN I. CLAVERIA**  
President

**FELICIDAD V. RAZON**  
Vice President/Treasurer



Signed this 28th March 2024

**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, 2023 and 2022**, 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.

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

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

**CHNG CHEE KEONG**  
Chairman of the Board



**ALAN I. CLAVERIA**  
President



**FELICIDAD V. RAZON**  
Vice President/Treasurer

Signed this 29th January 2024

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

**ACKNOWLEDGEMENT**

SUBSCRIBED AND SWORN to before me this APR 05 2024 at Makati City,  
Affiants exhibiting to me their Tax Identification Number (TIN) as follows:

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

**NOTARY PUBLIC**

Doc. No. 275  
Page No. 51  
Book No. 20  
Series of 2024.

**ATTY. JOEL FERRER FLORES**  
NOTARY PUBLIC for City of Makati  
Until December 31, 2024  
Appointment No. M-115 (2023-2024)  
PTR No. MKT 10073945 / 01-02-2024/Makati City  
Roll No. 77376 / IBP No. 330740/01/02/2024/Pasig City  
MCLE Compliance VIII No. 0001393 / 01/03/23 - 04/12/28  
1107 Bataan, St., Guadalupe Nuevo, Makati City



## Independent Auditor's Report

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

### 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, 2023 and 2022, and their consolidated financial performance and consolidated cash flows for each of the three years in the period ended December 31, 2023 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, 2023 and 2022;
- the consolidated statements of income for each of the three years in the period ended December 31, 2023;
- the consolidated statements of total comprehensive income for each of the three years in the period ended December 31, 2023;
- the consolidated statements of changes in equity for each of the three years in the period ended December 31, 2023;
- the consolidated statements of cash flows for each of the three years in the period ended December 31, 2023; and
- the notes to the consolidated financial statements, including material accounting policy information.

### 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 Code of Ethics.

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



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

### **Our Audit Approach**

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

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

### **Key audit matters**

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



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

The key audit matters identified in our audit are as follows:

Key Audit Matter	How our Audit Addressed the Key Audit Matter
<p><b>Impairment assessment of investment in an associate</b></p> <p>Impairment assessment of investment in an associate requires the Group to make estimate that can materially affect the consolidated financial statements. The investment in an associate represents 32% of the Group's consolidated total assets.</p> <p>Impairment of investment in an associate is assessed in accordance with the guidance set in Philippine Accounting Standards (PAS) 36, Impairment of assets.</p> <p>Refer to Note 6 to the financial statements for the disclosures of the Group's investment in an associate and Note 21.1(e) for the disclosures on critical accounting estimate.</p>	<p>We obtained an understanding of management's impairment assessment process, including key assumptions used in determining the recoverable amount of the investment in associate based on the fair value less cost of disposal.</p> <p>We evaluated the net assets of the associate, which constitutes the fair value less cost of disposal by inspecting the audited financial information and assessing the fair value approximation of the individual assets and liabilities. Also, we assessed the reasonableness of management's estimation of fair value less cost of disposal by inspecting the appraisal reports of the investment properties of the associate from third party appraisers and applying varying assumptions on the recoverability of the individual assets and liabilities.</p>



Key Audit Matter	How our Audit Addressed the Key Audit Matter
<p><b>Assessment of impairment indicators on the investment properties</b></p> <p>Assessing impairment indicators relating to investment properties requires the Group to make judgments and assumptions that can materially affect the consolidated financial statements. The investment properties represent 16% of the Group's consolidated total assets.</p> <p>The impairment indicators of investment properties are assessed in accordance with the guidance set in Philippine Accounting Standards (PAS) 36, Impairment of assets and PAS 40, Investment property.</p> <p>Refer to Note 7 to the financial statements for the disclosures of the Group's investment properties and to Note 21.1(b) and 21.2 (b) for the disclosures on critical accounting estimates and judgment on investment properties.</p>	<p>We obtained an understanding of the management's process for assessing whether impairment indicators exist in relation to investment properties including key judgments and assumptions with reference to the fair value of investment properties prepared using the market data approach by third party appraisers, as well as significant changes with respect to asset condition, intended utilization and performance and industry and economic trends that may indicate impairment.</p> <p>We evaluated the appraisal report on the investment properties and assessed the reasonableness of the key inputs to the valuation by comparing published sales and offering of similar properties in the area for the inputs on asking price discount and inspecting the underlying property titles of the Group for inputs on physical adjustments. We verified the accuracy of data in the valuation through inspection of the titles, location and description of the properties subject to the valuation. We recalculated the resulting adjusted values based on the application of key inputs. We evaluated management's assessment that there were no changes indicating impairment with respect to asset condition, intended utilization and performance, industry and economic trends by checking consistency with the appraisal reports and our understanding of the Group's overall financial results and performance. We evaluated the competency and objectivity of the third-party appraisers by verifying their qualifications, experience and business relationships with the Group.</p>



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

### **Other Information**

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement) and SEC Form 17-A or Annual Report, 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 are expected to be made available to us after the date of this auditor's report.

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.

When we read the SEC Form 20-IS (Definitive Information Statement) and SEC Form 17-A or Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

### **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 Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate 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.





Independent Auditor's Report  
To the Board of Directors and Shareholders of  
Keppel Philippines Holdings, Inc. and Subsidiaries  
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### **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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.



Independent Auditor's Report  
To the Board of Directors and Shareholders of  
Keppel Philippines Holdings, Inc. and Subsidiaries  
Page 7

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, actions taken to eliminate threats or safeguards applied.

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.

**Isla Lipana & Co.**

  
Imelda Dela Vega-Mangundaya  
Partner

CPA Cert. No. 0090670

PTR No. 0024586, issued on January 12, 2024, Makati City

TIN 152-015-124

BIR A.N. 08-000745-047-2021, issued on November 23, 2021; effective until November 22, 2024

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

Makati City, Philippines  
February 5, 2024

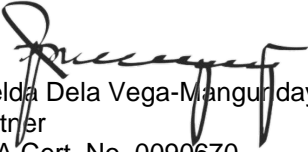


## **Statements Required by Rule 68 Securities Regulation Code (SRC)**

To the Board of Directors and Shareholders of  
**Keppel Philippines Holdings, Inc.**  
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, 2023, on which we have rendered the attached report dated February 5, 2024. The supplementary information shown in the Reconciliation of the Parent Company's Retained Earnings Available for Dividend Declaration as at December 31, 2023, Map of Relationships of the Companies within the Group as at December 31, 2023, and Schedules A, B, C, D, E, F, and G as at December 31, 2023, as additional components required by the Revised 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 the Revised Rule 68 of the SRC.

### **Isla Lipana & Co.**

  
Imelda Dela Vega-Mangundaya  
Partner  
CPA Cert. No. 0090670  
PTR No. 0024586, issued on January 12, 2024, Makati City  
TIN 152-015-124  
BIR A.N. 08-000745-047-2021, issued on November 23, 2021; effective until November 22, 2024  
BOA/PRC Reg. No. 0142, effective until November 14, 2025

Makati City, Philippines  
February 5, 2024

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T: +63 (2) 8845 2728, [www.pwc.com/ph](http://www.pwc.com/ph)



## Statements Required by Rule 68 Securities Regulation Code (SRC)

To the Board of Directors and Shareholders of  
**Keppel Philippines Holdings, Inc.**  
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, 2023 and 2022 and for each of the three years in the period ended December 31, 2022, and have issued our report thereon dated February 5, 2024. 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 Rule 68 of the SRC 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, 2023 and 2022 and for each of the three years in the period ended December 31, 2023 and no material exceptions were noted.

### Isla Lipana & Co.

  
Imelda Dela Vega-Mangundaya  
Partner  
CPA Cert. No. 0090670

PTR No. 0024586, issued on January 12, 2024, Makati City  
TIN 152-015-124

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February 5, 2024

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**Keppel Philippines Holdings, Inc. and Subsidiaries**

Consolidated Statements of Financial Position

As at December 31, 2023 and 2022

(All amounts in Philippine Peso)

	Notes	2023	2022
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	2	575,523,245	583,003,831
Receivables, net	3	3,832,366	2,726,987
Other current assets, net	4	773,812	835,189
Total current assets		580,129,423	586,566,007
<b>Non-current assets</b>			
Lease receivables, net of current portion	3	25,988,981	27,070,872
Financial asset at fair value through other comprehensive income (FVOCI)	5	70,000,000	58,000,000
Investment in an associate	6	417,612,030	421,243,232
Investment properties, net	7	205,288,439	205,288,439
Property and equipment, net	8	501,338	635,260
Intangible assets, net	9	1,850,725	2,503,923
Retirement benefit asset, net		-	1,049,440
Total non-current assets		721,241,513	715,791,166
<b>Total assets</b>		<b>1,301,370,936</b>	<b>1,302,357,173</b>
<b>Liabilities and Equity</b>			
<b>Current liabilities</b>			
Accrued expenses and other current liabilities	10	3,101,837	2,727,302
Advance rental and deposits	7	405,589	322,773
Income tax payable	17	41,131	69,627
Total current liabilities		3,548,557	3,119,702
<b>Non-current liabilities</b>			
Deferred income tax liability	17	1,353,544	1,407,638
Retirement benefit obligation	12	837,483	-
Advance rental and deposits, net of current portion	7	628,796	598,854
Total non-current liabilities		2,819,823	2,006,492
Total liabilities		6,368,380	5,126,194
<b>Equity</b>			
Share capital	13	73,173,500	73,173,500
Share premium		73,203,734	73,203,734
Treasury shares	14	(26,004,530)	(26,004,530)
Revaluation reserve on financial asset at FVOCI	5	69,422,057	57,422,057
Remeasurements on retirement benefit obligation	12	1,349,030	2,809,365
Retained earnings	14	773,457,128	761,412,125
Attributable to equity holders of the parent		964,600,919	942,016,251
Non-controlling interests	22.2	330,401,637	355,214,728
Total equity		1,295,002,556	1,297,230,979
<b>Total liabilities and equity</b>		<b>1,301,370,936</b>	<b>1,302,357,173</b>

(The notes on pages 1 to 39 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, 2023  
(All amounts in Philippine Peso)

	Notes	2023	2022	2021
<b>Revenues and income</b>				
Interest income	2,11	32,476,233	16,820,587	9,587,462
Rental income	7	12,819,406	11,231,624	9,056,598
Equity in net earnings of associates	6	1,608,657	10,005,764	6,673,044
Management fees	11	1,416,000	1,581,000	756,000
Payroll service fees	11	-	3,394,624	3,605,018
Gain on sale of interest in land rights	19	-	-	345,559,187
Other income		156,889	435,501	1,092,284
<b>Total revenues and income</b>		<b>48,477,185</b>	<b>43,469,100</b>	<b>376,329,593</b>
Operating expenses	16	(19,079,913)	(29,034,343)	(21,993,536)
<b>Income before income tax</b>		<b>29,397,272</b>	<b>14,434,757</b>	<b>354,336,057</b>
Income tax expense	17	(7,134,633)	(2,177,014)	(85,145,652)
<b>Net income for the year</b>		<b>22,262,639</b>	<b>12,257,743</b>	<b>269,190,405</b>
<b>Attributable to:</b>				
Equity holders of the parent		17,768,305	4,525,592	264,633,350
Non-controlling interests	22.2	4,494,334	7,732,151	4,557,055
		<b>22,262,639</b>	<b>12,257,743</b>	<b>269,190,405</b>
<b>Earnings per share attributable to equity holders of the parent</b>	15	<b>0.31</b>	<b>0.08</b>	<b>4.61</b>

(The notes on pages 1 to 39 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, 2023  
(All amounts in Philippine Peso)

	Notes	2023	2022	2021
<b>Net income for the year</b>		22,262,639	12,257,743	269,190,405
<b>Other comprehensive income (loss)</b>				
Items that will not be reclassified to profit or loss:				
Unrealized fair value gain on financial asset at fair value through other comprehensive income	5	12,000,000	14,000,000	9,000,000
Remeasurement (loss) gain on retirement benefit obligation	12	(1,460,335)	1,709,905	2,048,322
		10,539,665	15,709,905	11,048,322
<b>Total comprehensive income for the year</b>		32,802,304	27,967,648	280,238,727
<b>Attributable to:</b>				
Equity holders of the parent		28,307,970	20,235,497	275,681,672
Non-controlling interests	22.2	4,494,334	7,732,151	4,557,055
		32,802,304	27,967,648	280,238,727

(The notes on pages 1 to 39 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, 2023  
(All amounts in Philippine Peso)

	Notes	Attributable to equity holders of the parent						Total	Non-controlling interests (Note 22.2)	Total equity
		Share capital (Note 13)	Share premium	Treasury shares (Note 14)	Revaluation reserve on financial asset (Note 5)	Remeasurements on retirement benefit obligation (Note 12)	Retained earnings (Note 14)			
<b>Balances at January 1, 2021</b>		73,173,500	73,203,734	(23,614,089)	34,422,057	(948,862)	503,738,857	659,975,197	362,725,139	1,022,700,336
<b>Comprehensive income</b>										
Net income for the year		-	-	-	-	-	264,633,350	264,633,350	4,557,055	269,190,405
Other comprehensive income	5,12	-	-	-	9,000,000	2,048,322	-	11,048,322	-	11,048,322
Total comprehensive income for the year		-	-	-	9,000,000	2,048,322	264,633,350	275,681,672	4,557,055	280,238,727
<b>Transaction with owners</b>										
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		-	-	(1,666,910)	-	-	(5,761,832)	(7,428,742)	(9,899,808)	(17,328,550)
<b>Balances at December 31, 2021</b>		73,173,500	73,203,734	(25,280,999)	43,422,057	1,099,460	762,610,375	928,228,127	357,382,386	1,285,610,513
<b>Comprehensive income</b>										
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		-	-	-	14,000,000	1,709,905	4,525,592	20,235,497	7,732,151	27,967,648
<b>Transaction with owners</b>										
Cash dividends declared	14	-	-	-	-	-	(5,723,842)	(5,723,842)	(9,899,809)	(15,623,651)
Purchase of treasury shares	14	-	-	(723,531)	-	-	-	(723,531)	-	(723,531)
Total transactions with owners		-	-	(723,531)	-	-	(5,723,842)	(6,447,373)	(9,899,809)	(16,347,182)
<b>Balances at December 31, 2022</b>		73,173,500	73,203,734	(26,004,530)	57,422,057	2,809,365	761,412,125	942,016,251	355,214,728	1,297,230,979
<b>Comprehensive income (loss)</b>										
Net income for the year		-	-	-	-	-	17,768,305	17,768,305	4,494,334	22,262,639
Other comprehensive income	5,12	-	-	-	12,000,000	(1,460,335)	-	10,539,665	-	10,539,665
Total comprehensive income (loss) for the year		-	-	-	12,000,000	(1,460,335)	17,768,305	28,307,970	4,494,334	32,802,304
<b>Transaction with owners</b>										
Cash dividends declared	14	-	-	-	-	-	(5,723,302)	(5,723,302)	(29,307,425)	(35,030,727)
<b>Balances at December 31, 2023</b>		73,173,500	73,203,734	(26,004,530)	69,422,057	1,349,030	773,457,128	964,600,919	330,401,637	1,295,002,556

(The notes on pages 1 to 39 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, 2023  
(All amounts in Philippine Peso)

	Notes	2023	2022	2021
<b>Cash flows from operating activities</b>				
Income before income tax		29,397,272	14,434,757	354,336,057
Adjustments for:				
Depreciation and amortization	8,9	787,119	1,495,903	1,734,434
Retirement benefit expense	12	426,588	660,465	658,408
Interest income	2,11	(32,476,233)	(16,820,586)	(9,587,462)
Equity in net earnings of associates	6	(1,608,657)	(10,005,764)	(6,673,044)
(Reversal of) provision for impairment losses, net	3,4	(419,217)	1,723,735	(4,709,314)
Gain on disposal of property and equipment and intangible assets	8,9	-	(159,741)	-
Gain on sale of interest in land rights	19	-	-	(345,559,187)
Operating loss before changes in assets and liabilities		(3,893,128)	(8,671,231)	(9,800,108)
Changes in operating assets and liabilities:				
Decrease (increase) in:				
Receivables		1,081,891	3,221,089	429,412
Other current assets		480,593	(1,219,091)	(24,675,184)
Other non-current assets		-	-	50,710
Increase (decrease) in:				
Accrued expenses and other current liabilities		374,535	(390,899)	(2,599,488)
Advance rental and deposits		112,758	698,664	(2,591,811)
Net cash absorbed by operations		(1,843,351)	(6,361,468)	(39,186,469)
Interest received from cash and cash equivalents		31,370,857	5,110,821	877,054
Contributions to the retirement fund			-	(273,803)
Income taxes paid		(7,217,224)	(1,868,578)	(443,949)
Net cash from (used in) operating activities		22,310,282	(3,119,225)	(39,027,167)
<b>Cash flows from investing activities</b>				
Cash dividends received	6,11	5,239,859	6,986,479	7,510,465
Principal collection of loans to related parties	11	-	340,000,000	10,000,000
Interest received from loans to a related party		-	11,238,438	8,502,124
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)
Income taxes paid from sale of interest in land rights		-	-	(56,855,431)
Purchase of property and equipment	8	-	(206,250)	(591,536)
Loans provided to a related party	11	-	(100,000,000)	-
Net cash from investing activities		5,239,859	261,373,231	317,085,787
<b>Cash flows from financing activities</b>				
Dividends paid to:	14			
Non-controlling interests		(29,307,425)	(9,899,809)	(9,899,808)
Equity holders of the parent		(5,723,302)	(5,723,842)	(5,761,832)
Purchase of treasury shares	14	-	(723,531)	(1,666,910)
Net cash used in financing activities		(35,030,727)	(16,347,182)	(17,328,550)
<b>Net (decrease) increase in cash and cash equivalents</b>		(7,480,586)	241,906,824	260,730,070
<b>Cash and cash equivalents</b>				
At January 1		583,003,831	341,097,007	80,366,937
<b>At December 31</b>	2	575,523,245	583,003,831	341,097,007

(The notes on pages 1 to 39 are integral part of these consolidated financial statements)

## Keppel Philippines Holdings, Inc. and Subsidiaries

Notes to the Consolidated Financial Statements

As at December 31, 2023 and 2022

and for each of the three years in the period ended December 31, 2023

(All amounts are shown in Philippine Peso unless otherwise stated)

### 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. The subsidiaries are involved in the real estate industry, particularly in the lease of its properties to affiliates which are incorporated and domiciled in the Philippines.

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

As at December 31, 2023 and 2022, the shareholders are the following:

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

As at December 31, 2023 and 2022, 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 Seatrium Philippines Marine, Inc. (SPMI) formerly known as Keppel Philippines Marine, Inc. (KPMI) in 2023 and 2022. 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 and domiciled Singapore and listed in the Singapore Exchange. Effective January 1, 2024, KCL changed its company name to Keppel Limited (KL).

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

As at December 31, 2023, the Parent Company has 237 (2022 - 243) 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 29, 2024. There are no material events that occurred from January 29, 2024 to February 5, 2024.

## 2 Cash and cash equivalents

The account as at December 31 consist of:

	2023	2022
Cash in banks	5,833,594	11,049,504
Cash equivalents	569,689,651	571,954,327
	575,523,245	583,003,831

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 with maturities of up to three (3) months, and earned interest at annual rates that ranged from in 4.375% to 6.0% in 2023 (2022 - 0.5% to 5.125%).

Interest income earned amounted to P32.5 million in 2023 (2022 - P6.7 million). Interest receivable amounted to P2.8 million as at December 31, 2023 (2022 - P1.6 million) (Note 3).

## 3 Receivables, net

The account as at December 31 consist of:

	Notes	2023	2022
Lease receivables		27,070,872	28,152,763
Interest receivable	2	2,750,475	1,645,096
		29,821,347	29,797,859
Less: Non-current portion of lease receivables		25,988,981	27,070,872
		3,832,366	2,726,987

There are no movements in allowance for impairment related to lease receivables for the years ended December 31, 2023 and 2022 :

	Note	2023	2022	2021
January 1		-	-	516,912
Provision (Reversal)	16	-	-	(132,000)
Write-off		-	-	(384,912)
		-	-	-

In 2022, lease receivables pertain to lease contracts with SPMI, a related party. Effective March 1, 2023, SPMI is no longer considered as a related party due to KL's sale of SPMI shares to an external party.

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. 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.

#### 4 Other current assets, net

The account as at December 31 consist of:

	2023	2022
Creditable withholding tax (CWT)	3,618,534	3,226,557
Deposits	192,340	192,340
Advances to employees	81,551	-
Prepaid expenses	22,131	411,245
Input value-added tax (VAT)	-	592,356
Others	54,348	27,000
	3,968,904	4,449,498
Allowance for impairment	(3,195,092)	(3,614,309)
	773,812	835,189

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

	2023			2022			2021		
	Input VAT	CWT	Total	Input VAT	CWT	Total	Input VAT	CWT	Total
January 1	592,356	3,021,953	3,614,309	489,600	1,400,974	1,890,574	396,000	6,071,888	6,467,888
Provision	-	173,139	173,139	102,756	1,620,979	1,723,735	93,600	1,400,974	1,494,574
Reversal of provision	(592,356)	-	(592,356)	-	-	-	-	(6,071,888)	(6,071,888)
Net (recovery) provision (Note 16)	(592,356)	173,139	(419,217)	102,756	1,620,979	1,723,735	93,600	(4,670,914)	(4,577,314)
December 31	-	3,195,092	3,195,092	592,356	3,021,953	3,614,309	489,600	1,400,974	1,890,574

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

Advances to employees are collectible through salary deductions.

Prepaid expenses mainly pertain to commission, utilities, and insurance.

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

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.

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

	2023	2022
Original cost	316,004	316,004
Accumulated revaluation		
January 1	57,683,996	43,683,996
Unrealized fair value gain	12,000,000	14,000,000
December 31	69,683,996	57,683,996
	70,000,000	58,000,000

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

	2023	2022	2021
January 1	57,422,057	43,422,057	34,422,057
Unrealized fair value gain	12,000,000	14,000,000	9,000,000
Other adjustments	261,939	261,939	261,939
December 31	69,683,996	57,683,996	43,683,996

## 6 Investment in an associate, at equity

The account as at December 31 consists of:

	Note	2023	2022	2021
Original cost		337,596,800	337,596,800	337,596,800
Accumulated share in net income				
At January 1		83,646,432	80,627,147	81,464,568
Equity in net earnings of associate		1,608,657	10,005,764	6,673,044
Cash dividends received	11	(5,239,859)	(6,986,479)	(7,510,465)
At December 31		80,015,230	83,646,432	80,627,147
		417,612,030	421,243,232	418,223,947

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

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

	2023	2022
Current assets	57,630,016	71,593,545
Non-current assets	261,295,261	263,531,898
Current liabilities	20,695,558	22,285,465
Non-current liabilities	2,062,518	2,107,406
Net assets	296,167,201	310,732,572
Revenues	184,747,215	172,205,012
Income before income tax	8,141,073	43,108,057
Net income and total comprehensive income for the year	6,434,629	40,023,055

The Group's share in the net assets of CLI amounted to P73.9 million as at December 31, 2023 (2022 - P77.5 million).

The non-current assets of CLI represent investment properties (prime lots) held for appreciation, which are carried at cost. The fair value of the investment properties are P2.7 billion as at December 31, 2023 (2022 - P2.6 billion) based on the latest valuation report of an independent appraiser.

The Group's share in CLI's net assets after fair value adjustments on the underlying investment properties constitutes the recoverable amount of the investment in associate based on fair value less cost of disposal. Based on the results of management's assessment, after considering the fair value adjustment on the investment properties, it is not considered impaired and assessed as fully recoverable as at December 31, 2023 and 2022 (Note 21.2 (b)).

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

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

## 7 Investment properties, net; Leases

### Investment properties

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

	Land	Condominium units	Total
January 1, 2022 and December 31, 2022 and 2023			
Cost	205,288,439	3,689,178	208,977,617
Accumulated depreciation	-	(3,689,178)	(3,689,178)
Net book values	205,288,439	-	205,288,439

Investment properties represent the parcels of land situated in Batangas City and condominium units in Makati City, which are held for lease. Land is held by GMRI and GRDC. Condominium units are held by KPSI.

Management has assessed whether impairment indicators exist on investment properties with reference to the fair value of investment properties prepared using the market data approach by third party appraisers as well as significant changes with respect to asset condition, intended utilization and performance, industry and economic trends that may indicate impairment.

Based on the appraisal report from an accredited independent appraiser, the investment properties have an aggregate fair value of P1.4 billion as at December 31, 2023 (2022 - P1.3 billion).

In assessing the fair value of investment properties, the independent 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 market approach was used in determining the fair value which considers the sales of similar or substitute properties and related market data and establishes a value estimate by processes involving comparison. The 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 price discounts applied to the asking prices of similar listings and offerings and physical adjustments (such as location, shape, size and neighborhood) (Note 21.1 (b)).

The fair value of the investment properties is higher than its net book values as at December 31, 2023 and 2022. Further, based on management assessment, no changes indicating impairment with respect to asset condition, intended utilization and performance, industry and economic trends. Accordingly, the investment properties are not considered impaired and assessed as fully recoverable as at December 31, 2023 and 2022.

### Group as a lessor

The Group leases out a parcel of land used as a shipyard site in San Miguel, Bauan, Batangas to SPMI. 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.

In addition, 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 with no escalation under such terms and conditions as may be mutually agreed upon by the parties to the contracts.

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	2023	2022	2021
Related parties	11	2,280,118	11,131,815	9,056,598
Third parties		10,539,288	99,809	-
		12,819,406	11,231,624	9,056,598

Rental income from SPMI is no longer considered as a related party transaction of the Group effective March 1, 2023 and reported under third parties (Note 11).

The operating expenses directly attributable to the investment properties pertaining to contractual services, repairs and maintenance, and real estate taxes amounted to P3.9 million in 2023. (2022 and 2021 - P4.0 million).

Outstanding balances of lease receivables as at December 31, 2023 and 2022 represent lease differential in the computation of rent income using straight-line method.

Advance rentals as at December 31 are as follows:

	Notes	2023	2022
Third parties		449,788	299,427
Related parties	11	35,000	128,982
		484,788	428,409
Less: Current portion		170,390	128,982
Non-current portion		314,398	299,427

Refundable deposits as at December 31 are as follows:

	Note	2023	2022
Third parties		549,597	399,236
Related parties	11	-	93,982
		549,597	493,218
Less: Current portion		235,199	193,791
Non-current portion		314,398	299,427

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

	2023	2022
Within one (1) year	12,174,922	12,139,177
After one (1) year but not more than five (5) years	47,036,406	58,965,158
More than five (5) years	166,670,561	161,108,806
	225,881,889	232,213,141

## 8 Property and equipment, net

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

	Note	Condominium units	Office machine, furniture and fixtures	Transportation equipment	Total
<b>2023</b>					
<b>Cost</b>					
January 1		5,397,020	1,399,986	776,186	7,573,192
Disposal		-	(3,160)	-	(3,160)
December 31		5,397,020	1,396,826	776,186	7,570,032
<b>Accumulated depreciation</b>					
January 1		5,397,020	764,726	776,186	6,937,932
Depreciation	16	-	133,922	-	133,922
Disposal		-	(3,160)	-	(3,160)
December 31		5,397,020	895,488	776,186	7,068,694
Net book values		-	501,338	-	501,338
<b>2022</b>					
<b>Cost</b>					
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
<b>Accumulated depreciation</b>					
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

The fully depreciated assets that are still in use as at December 31, 2023 and 2022 amounted P6.7 million.

The Group sold computer hardware and software with net book values of P1.0 million and P2.2 million (Note 9), respectively, to SPMI for a total amount of P3.4 million, resulting in net gain of P0.2 million in 2022. (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, 2023 and 2022.



## 9 Intangible assets, net

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

	Note	2023	2022
Cost			
January 1		4,572,382	8,214,427
Disposal		-	(3,642,045)
December 31		4,572,382	4,572,382
Accumulated amortization			
January 1		2,068,459	2,371,195
Amortization expense	16	653,197	1,126,630
Disposal		-	(1,429,366)
December 31		2,721,656	2,068,459
Net book value at December 31		1,850,725	2,503,923

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

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, 2023 and 2022.

## 10 Accrued expenses and other current liabilities

The account as at December 31 consist of:

	Notes	2023	2022
Accrued expenses		1,740,286	1,066,876
Payable to government agencies		595,837	792,404
Unearned interest income		-	146,462
Others	11	765,714	721,560
		3,101,837	2,727,302

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.

Others pertain to unclaimed monies or dividends by shareholders (Note 11).

## 11 Related party transactions and balances

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

Related party	Notes	Transactions			Outstanding receivable (payable)		Terms and conditions
		2023	2022	2021	2023	2022	
<b>Entities under common control</b>							
<b>Loans (a)</b>							
*SPMI							Outstanding balance is collectible in cash at gross amount, with terms of 88 to 90 days subject to renewal, interest-bearing, unguaranteed and unsecured.
Principal	3	-	(240,000,000)	(10,000,000)	-	-	
Interest income	3	-	7,225,921	8,641,563	-	-	
*Seatrium Subic Shipyard, Inc. (SSSI)							
Principal		-	-	-	-	-	2023 - nil (2022 - 2.9% to 5.0%; 2021 - 3.1% to 3.8%).
Interest income		-	2,865,294	-	-	-	
<b>Leases (b)</b>							
<b>Rental income</b>							
*SPMI		1,860,118	10,711,815	8,636,598	-	28,152,763	Outstanding balance is collectible in cash at gross amount within the first five (5) days of each month, non-interest bearing, unguaranteed 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	2,280,118	11,131,815	9,056,598	-	28,152,763	
<b>Advance rentals</b>							
*SPMI		-	-	175,363	-	(93,982)	Outstanding balance is to be applied on the last monthly rental at end of lease term at gross amount, non-interest bearing, unguaranteed and unsecured.
KIVI		-	-	-	(25,000)	(25,000)	
KECI		-	-	-	(10,000)	(10,000)	
	7	-	-	175,363	(35,000)	(128,982)	
<b>Refundable deposits</b>							
*SPMI	7	-	-	175,364	-	(93,982)	Outstanding balance is payable in cash at gross amount within 60 days from end of lease term, non-interest bearing, unguaranteed and unsecured.
<b>Various expenses and charges (c)</b>							
*SPMI		-	221,859	7,304,509	-	-	Outstanding balance is collectible in cash at gross amount on demand, non-interest bearing, unguaranteed and unsecured.
Keppel Enterprise Services Pte. Ltd.		106,907	377,035	1,487,751	-	-	
*SSSI		-	-	-	-	-	
		-	-	-	-	-	
<b>Payroll service fees (d)</b>							
*SSSI		-	1,806,659	1,847,962	-	-	-
*SPMI		-	1,587,965	1,757,056	-	-	
		-	3,394,624	3,605,018	-	-	
<b>Management fees (e)</b>							
Bay Philippines Holdings, Inc.		660,000	825,000	-	-	-	-
KECI		240,000	240,000	240,000	-	-	
KIVI		180,000	180,000	180,000	-	-	
Keppenture, Inc.		60,000	60,000	60,000	-	-	
		1,140,000	1,305,000	480,000	-	-	
<b>Sale of fixed assets</b>							
*SPMI	8,9	-	3,354,562	-	-	-	
<b>Other income</b>							
<b>Commission (f)</b>							
SPMI		-	-	828,000	-	-	-
Director's fees		-	-	-	-	-	
KPPI		140,000	230,000	190,000	-	-	
<b>Associates</b>							
Cash dividends received	6	5,239,859	6,986,479	7,510,465	-	-	Outstanding balance is collectible in cash at gross amount on pay-out date as approved by the related party's BOD, non-interest bearing, unguaranteed and unsecured.
<b>Shareholders of Parent Company</b>							
<b>Cash dividends declared and paid</b>							
Keppwealth, Inc.		3,043,293	3,053,293	3,053,293	-	-	Outstanding balance is payable in cash at gross amount on pay-out date as approved by the Parent Company's BOD, non-interest bearing, unguaranteed and unsecured.
KL		1,689,409	1,689,409	1,689,409	-	-	
Others		990,600	981,140	1,019,130	(765,714)	(721,560)	
	10,14	5,723,302	5,723,842	5,761,832	(765,714)	(721,560)	
<b>Various expenses and charges (b)</b>							
KL		85,276	221,100	78,811	-	-	Outstanding balance is collectible in cash at gross amount on demand, non-interest bearing unguaranteed and unsecured.
Keppwealth, Inc.		-	29,131	40,789	-	-	
<b>Management fees (e)</b>							
Keppwealth, Inc.		276,000	276,000	276,000	-	-	
<b>Key management personnel</b>							
<b>Salaries and other short-term employee benefits</b>							
Retirement benefits		2,142,000	1,943,200	1,763,200	-	-	Outstanding balance is payable at gross amount every designated period per employee contracts, non-interest bearing and unsecured.
		426,588	660,465	658,408	-	-	
<b>Retirement plan</b>							
Contributions to the fund	12	-	-	273,803	-	-	

\* Effective March 1, 2023, SPMI and SSSI is no longer considered as a related party due to KL's sale of SPMI and SSSI shares to an external party.

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, Risk and Compliance 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 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, 2023, 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 SPMI and SSSI. The loans were fully paid in 2022. Movements in loans receivable for the years ended December 31 are as follows:

	2023	2022	2021
January 1	-	240,000,000	250,000,000
New loans granted	-	100,000,000	-
Collections	-	(340,000,000)	(10,000,000)
December 31	-	-	240,000,000

(b) Leases

The Group leases certain investments properties to related parties (Note 7).

(c) Various expenses and charges

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

In 2021, the Group paid commission to SPMI related to the sale of interest in land rights amounting P7.2 million (Note 19). There were no such transactions in 2023 and 2022.

(d) Payroll service fees

In 2020, the Group entered into payroll service agreements with SSSI and SPMI 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 based on actual cost plus 5% markup. 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 party gives the other a written notice of termination at least three (3) months prior to the expiration date at an agreed fixed monthly fee, which is subject to increase depending upon the extent and volume of services.

In April 2021, the Parent Company signed an accounting services agreement with Bay Philippines Holdings Corp., an entity under common control, with a 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

In 2021, the Group also entered into one-time agreement with SPMI 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. There are no commission income earned in 2023 (2022 - nil; 2021 - P0.8 million).

(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, 2023.

(h) Elimination

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

	Note	2023	2022	2021
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	31,003,600	10,303,867	10,703,867
Dividend income of GRDC from GMRI	14	888,975	296,325	296,325
Management fees of Parent Company from subsidiary		780,000	780,000	780,000

## 12 Retirement benefit obligation

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) asset, net, in the consolidated statement of financial position as at December 31 are as follows:

	2023	2022
Fair value of plan assets	3,188,989	8,830,923
Present value of defined benefit obligation	(4,026,472)	(7,781,483)
	(837,483)	1,049,440

Movements in the retirement benefit liability (asset), net, as at December 31 are as follows:

	2023	2022
January 1	(1,049,440)	-
Retirement benefit expense recognized in profit or loss	426,588	660,445
Remeasurement gain (loss) in other comprehensive income	1,460,335	(1,709,905)
	837,483	(1,049,460)

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

	2023	2022	2021
At January 1	7,781,483	9,052,516	10,517,659
Current service cost	507,310	660,465	576,054
Interest cost	598,542	449,005	520,624
Benefits paid	(5,672,500)	-	(990,745)
Remeasurement loss from:			
Experience adjustments	577,185	(2,218,356)	(1,565,482)
Change in financial assumptions	234,452	(162,147)	(5,594)
At December 31	4,026,472	7,781,483	9,052,516

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

	2023	2022	2021
At January 1	8,830,923	9,052,516	8,853,942
Interest income	679,264	449,005	438,270
Contributions	-	-	273,803
Benefits paid	(5,672,500)	-	(990,745)
Gain on plan assets	(648,698)	(670,598)	477,246
At December 31	3,188,989	8,830,923	9,052,516

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

There is no expected contribution to the plan assets for the year ending December 31, 2024.

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:

	2023	2022	2021
Current service cost	507,310	660,465	576,054
Net interest cost	(80,722)	-	82,354
	426,588	660,465	658,408

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

	2023	2022	2021
January 1	2,809,365	1,099,460	(948,862)
Remeasurement (loss) gain	(1,460,335)	1,709,905	2,048,322
December 31	1,349,030	2,809,365	1,099,460

The principal actuarial assumptions used are as follows:

	2023	2022
Discount rate	6.96%	7.69%
Salary increase rate	5.00%	5.00%
Average remaining working life	14.39	10.26
Weighted average duration of the defined benefit obligation	9	10

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 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, 2023 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 retirement benefit obligation		
	Change in assumption	Increase in assumption	Decrease in assumption
2023			
Discount rate	1%	(318,736)	347,991
Salary increase rate	1%	351,372	(327,561)
2022			
Discount rate	1%	(665,305)	733,440
Salary increase rate	1%	746,189	(688,504)

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:

	2023	2022
Less than a year	44,968	76,768
Between one (1) to five (5) years	250,650	401,663
Over five (5) years but not more than 10 years	6,326,787	12,725,191
Over 10 years	11,740,888	11,066,646
	18,363,293	24,270,268

### 13 Share capital

Details of share capital as at December 31, 2023 and 2022 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, 2023 and 2022. 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:

	2023	2022	2021
Class "A"			
January 1	35,756,070	35,826,670	36,065,970
Purchase of treasury shares	-	(70,600)	(239,300)
December 31	35,756,070	35,756,070	35,826,670
Class "B"			
January 1	21,476,949	21,515,749	21,552,349
Purchase of treasury shares	-	(38,800)	(36,600)
December 31	21,476,949	21,476,949	21,515,749
Total outstanding shares	57,233,019	57,233,019	57,342,419

In 2022, the Parent Company, purchased a total of 70,600 common share at an average price of P6.48 per share for a total consideration of P457,417 in Class A, and for Class B, the Parent Company, purchased a total of 38,800 common share at an average price of P6.86 per share for a total consideration of P266,114.

In 2021, the Parent Company, purchased a total of 239,300 common share at an average price of P6.05 per share for a total consideration of P1,447,399 in Class A, and for Class B, the Parent Company, purchased a total of 36,600 common share at an average price of P6.00 per share for a total consideration of P219,511.

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

	2023	2022	2021
Class A	35,756,070	35,756,070	35,826,670
Class B	21,476,949	21,476,949	21,515,749
	57,233,019	57,233,019	57,342,419

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
2023				
Class "A"	35,756,070	1.00	June 30, 2000	370
Class "B"	21,476,949	1.00	June 30, 2000	54
	57,233,019			
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			

#### 14 Retained earnings; Treasury shares

Retained earnings amounted to P773.5 million as at December 31, 2023 (2022 - P761.4 million). The portion of retained earnings, corresponding to the undistributed equity in net earnings of the associates amounted to P80.0 million (2022 - P83.6 million) (Note 6), 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, 2023 and 2022:

	2023		2022	
	Shares	Cost	Shares	Cost
Class "A"	4,084,900	15,840,946	4,084,900	15,840,946
Class "B"	11,855,581	10,163,584	11,855,581	10,163,584
	15,940,481	26,004,530	15,940,481	26,004,530

As at December 31, 2023, total unrestricted retained earnings of the Parent Company amounted to P506.6 million (2022 - P469.5 million). The amount of unrestricted retained earnings is in excess of 100% of its paid-up capital amounted to P367.8 million as at December 31, 2023 (2022 - 330.8 million). 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 and paid as follows:

	2023	2022	2021
Amount declared	P5,723,302	P5,723,842	P5,761,832
Dividend per share	P0.10	P0.10	P0.10
Date of declaration and approval	June 16	June 17	June 19
Date of shareholders' record	July 7	July 7	July 8
Date paid	August 2	July 31	July 31
Amount paid	P5,723,302	P5,723,842	P5,761,832



(ii) Subsidiaries

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

	2023	2022	2021
Equity holders of Parent Company	31,003,600	10,303,867	10,703,867
NCI	29,307,425	9,899,808	9,899,808
GMRI to GRDC	888,975	296,325	296,325
	61,200,000	20,500,000	20,900,000

In November 2023, GMRI declared and paid cash dividends at P20.46 per share totaling to P60 million (2022 and 2021 - P20 million)

In January 2023, GRDC declared and paid cash dividends at P3.50 per share totaling to P700 thousand (2022 and 2021 - P500 thousand)

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

## 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	2023	2022	2021
Net income attributable to equity holders of the parent		17,768,305	4,525,592	264,633,350
Weighted average number of shares outstanding	13	57,233,019	57,233,019	57,342,419
Basic earnings per share		0.31	0.08	4.61

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

## 16 Operating expenses

Operating expenses for the years ended December 31 consist of:

	Notes	2023	2022	2021
Salaries, wages, and employee benefits		6,281,969	10,822,072	10,906,102
Professional fees		4,552,122	4,167,634	4,155,989
Taxes and licenses		4,354,916	5,076,085	4,394,018
Repairs and maintenance		994,456	1,571,134	1,208,977
Depreciation and amortization	8,9	787,119	1,495,903	1,734,434
Utilities		737,619	931,106	877,885
Membership dues		521,245	545,019	652,414
Commission		199,618	99,809	-
Transportation and travel		173,527	579,380	513,642
Office supplies		76,311	149,752	124,972
Contractual services	7	-	1,092,000	1,092,000
(Reversal of) provision for impairment losses, net	3,4	(419,217)	1,723,735	(4,709,314)
Others		820,228	780,714	1,042,417
		19,079,913	29,034,343	21,993,536

Contractual services pertain to services related to the payroll service arrangements rendered to SPMI and SSSI in 2022 and 2021 which was terminated in 2023 (Note 11).

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

## 17 Income taxes

The Group's deferred income tax liability as at December 31, 2023 and 2022 amounting to P1.4 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 the following:

	2023		2022	
	Tax base	Tax effect	Tax base	Tax effect
NOLCO	17,826,798	4,456,699	6,388,252	1,580,154
Accrued expenses	834,390	207,697	398,347	97,847
Advance rentals	-	-	57,593	6,012
Retirement benefits	837,483	209,371	(1,049,440)	(262,360)
	19,498,671	4,873,767	5,794,752	1,421,653
MCIT	-	182,450	-	926,165
	19,498,671	5,056,217	-	2,347,818

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 salient provisions of CREATE that are relevant to each of the entities within the Group are the lowering of the regular corporate income tax rate (RCIT) from 30% to 20% or 25%, depending on the level of each of the entities within the Group 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 1.5% MCIT for December 31, 2023 (2022 - 20% or 25% RCIT and 1% MCIT).

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 unrecognized NOLCO and MCIT as at and for the years ended December 31 are as follows:

Year incurred	Expiry year	2023		2022	
		NOLCO	MCIT	NOLCO	MCIT
2023	2026	11,438,546	13,362	-	-
2022	2025	6,149,765	157,970	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
		17,826,798	939,527	6,388,252	1,447,545
Expired		-	(757,077)	-	(521,380)
December 31		17,826,798	182,450	6,388,252	926,165

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

	2023	2022	2021
Final tax on interest income	6,495,247	1,345,874	189,180
Current	693,480	919,450	84,926,531
Deferred	(54,094)	(88,310)	29,941
	7,134,633	2,177,014	85,145,652

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:

	2023	2022	2021
Income tax computed at 25%	7,349,318	2,781,222	90,745,468
Adjustments resulting from tax effects of:			
Differential in tax rate	1,477,090	1,856,212	529,604
Changes in unrecognized deferred income tax assets	2,708,399	1,751,027	24,129
Final tax on interest income	6,495,247	1,345,874	189,180
Non-deductible expenses	44,914	498,948	110,450
Interest income subjected to final tax	(8,074,512)	(1,674,417)	(237,500)
Non-taxable income and reversals	(2,865,823)	(4,381,852)	(5,780,577)
Impact of CREATE Act on current income tax	-	-	(435,102)
Effective income tax expense	7,134,633	2,177,014	85,145,652

Differential in tax rate pertains to the tax rate used for GMRI's registered activities under the 5% GIT regime and 20% RCIT rate used by GRDC and KPSI based on CREATE Act.

Income tax payable amounted to P0.04 million as at December 31, 2023 (2022 - P0.07 million).

## 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 a related party, and third parties in 2022 and third parties in 2023, 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
<b>2023</b>					
Revenues and income					
External customers	-	12,399,406	12,399,406	-	12,399,406
Equity in net earnings of an associate	-	-	-	1,608,657	1,608,657
Other related parties	33,199,600	420,000	33,619,600	(31,783,600)	1,836,000
Interest income and other income	29,198,742	3,434,380	32,633,122	-	32,633,122
<b>Total revenues and income</b>	<b>62,398,342</b>	<b>16,253,786</b>	<b>78,652,128</b>	<b>(30,174,943)</b>	<b>48,477,185</b>
Income before income tax	48,620,114	10,172,101	58,792,215	(29,394,943)	29,397,272
Income tax expense	(5,844,056)	(1,290,577)	(7,134,633)	-	(7,134,633)
Net income	42,776,058	8,881,524	51,657,582	(29,394,943)	22,262,639
Other comprehensive income	10,539,665	-	10,539,665	-	10,539,665
<b>Total comprehensive income</b>	<b>53,315,723</b>	<b>8,881,524</b>	<b>62,197,247</b>	<b>(29,394,943)</b>	<b>32,802,304</b>
Other information					
Segment assets	720,328,384	691,207,621	1,411,536,005	(110,165,069)	1,301,370,936
Segment liabilities	3,961,903	3,302,822	7,264,725	(896,345)	6,368,380
Depreciation and amortization	429,141	357,978	787,119	-	787,119
<b>2022</b>					
Revenues and income					
SPMI	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 and other income	6,095,266	1,069,606	7,164,872	-	7,164,872
<b>Total revenues and income</b>	<b>30,682,438</b>	<b>13,864,765</b>	<b>44,547,203</b>	<b>(1,078,103)</b>	<b>43,469,100</b>
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
<b>Total comprehensive income</b>	<b>22,484,175</b>	<b>15,787,340</b>	<b>38,271,515</b>	<b>(10,303,867)</b>	<b>27,967,648</b>
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
<b>2021</b>					
Revenues and income					
SPMI	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
<b>Total revenues and income</b>	<b>25,696,631</b>	<b>355,443,785</b>	<b>381,140,416</b>	<b>(4,810,823)</b>	<b>376,329,593</b>
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
<b>Total comprehensive income</b>	<b>21,959,334</b>	<b>268,983,260</b>	<b>290,942,594</b>	<b>(10,703,867)</b>	<b>280,238,727</b>
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

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.

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 (Note 19). In 2023, total rental income accounted for 26.4% of the Group's consolidated revenues and income (2022 - 25.8%; 2021 - 2.4)

## 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 part of the condition of the sale, the necessary 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. Thereafter, PNOC filed a Petition for Certiorari with the Court of Appeals (CA) with the latter rendering judgement in favor of PNOC on October 25, 2023. Motions for reconsideration were filed on November 24, 2023 with the case remaining pending as the CA has yet to rule.

## 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 pertains to lease receivable (Note 3). The loan receivables from a related party were fully collected in 2022.

The table below shows the maximum exposure to credit risk of the financial assets of the Group as at December 31:

	Notes	High performing	Credit-impaired	Total
<b>2023</b>				
Cash and cash equivalents	2	575,523,245	-	575,523,245
Receivables, at gross	3	29,821,347	-	29,821,347
Advances to employees	4	81,551	-	81,551
		605,426,143	-	605,426,143
<b>2022</b>				
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

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; advances to employees

There is low credit risk exposure and immaterial ECL on lease receivable since this account is considered high performing with no history of defaults. 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 has no significant exposure to interest rate risk on cash and cash equivalents and loans receivables from a related party, as these are subject to fixed interest rates and short term. The loan receivable, lease receivable were fully collected in 2022 and 2023, respectively. Accordingly, the Group is not significantly exposed to cash flow and fair value interest rate risk on these financial instruments.

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, 2023	+/- 10	+/- 7,000,000
December 31, 2022	+/- 10	+/- 8,200,000

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 three months	From three to 12 months	More than 12 months	Total
<b>2023</b>						
Accounts payable and other current liabilities*	10	765,714	1,740,285	-	-	2,505,999
Refundable deposits	7	-	-	235,199	314,398	549,597
		765,714	1,740,285	235,199	314,398	3,055,596
<b>2022</b>						
Accounts payable and other current liabilities*	10	721,560	1,066,876	-	-	1,788,436
Refundable deposits	7	-	-	193,791	299,427	493,218
		721,560	1,066,876	193,791	299,427	2,281,654

\*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:

	2023	2022
Total liabilities	6,368,380	5,126,194
Total equity	1,295,002,556	1,297,230,979
Debt-to-equity ratio	0.005:1	0.004:1

There were no changes in the Group's approach to capital management in 2023 and 2022.

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 10% of their issued and outstanding shares, exclusive of any treasury shares, held by the public (Note 1). The Parent Company has fully complied with this requirement. As at December 31, 2023 and 2022, 17.1% is held by the public.

### 20.3 Fair value hierarchy

Due to the short-term nature of cash and cash equivalents, receivables, advances to employees, accrued expenses and other current liabilities their carrying values approximate fair values as at December 31, 2023 and 2022. The carrying value of long-term advance rental and deposits approximate their fair value as the impact of discounting is immaterial.

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, 2023 and 2022, the Group classifies its financial asset at FVOCI under Level 2 of the fair value hierarchy. For the years ended December 31, 2023 and 2022, 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.

The fair value of the plan assets, which are mainly composed government securities and UITFs are classified under Level 1 fair value hierarchy.

The fair value of investment properties is classified under Level 3 of the fair value hierarchy and is determined using market approach.

The Group does not have assets or liabilities measured at fair value on a non-recurring basis during the periods.

### 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 CWT and Input VAT (Note 4)

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.

##### (b) Fair value of investment properties (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 (Note 7). The following table summarizes the quantitative information about the significant unobservable inputs used in Level 3 fair value measurements as at December 31:

Unobservable inputs	Range of inputs		Relationship of unobservable inputs to fair value
	2023	2022	
Asking price discount	10% to 15%	10% to 15%	The higher the input, the lower the fair value.
Physical adjustments (location, shape, size and neighborhood)	25% 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.

*(c) Estimated useful lives of property and equipment, and intangible assets (Notes 8 and 9)*

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.

As the Group has a significant number of long-lived assets with varying useful lives, estimation of sensitivity of depreciation and amortization expense to possible changes in useful lives is deemed impracticable.

*(d) Retirement benefits (Note 12)*

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. The sensitivity analyses for the significant actuarial assumptions are disclosed in Note 12.

*(e) Impairment of investment in an associate (Note 6)*

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. In assessing impairment, the Group evaluates whether its ownership interest in the net assets of its associate after fair value adjustments on the underlying investment properties is less than its carrying value. The Group's share in CLI's net assets after fair value adjustments on the underlying investment properties constitutes the recoverable amount of the investment in associate based on fair value less cost of disposal. As at December 31, 2023 and 2022, the Group's share in CLI's net assets after fair value adjustments on the underlying investment properties is higher than its carrying value. Accordingly, investment in an associate is not impaired and assessed as fully recoverable as at December 31, 2023 and 2022.

## **21.2 Critical accounting judgments**

*(a) Recoverability of carrying amount of receivables and advances to employees (Note 3).*

The receivables were grouped based on similar credit characteristics. In arriving at the expected credit loss for a particular period, management considers both historical loss experience and certain forward-looking macroeconomic factors of the customers. In these cases, management uses judgments based on the best available facts and circumstances, including but not limited to the length of relationship with the customers and whether there had been payment defaults in the past. An evaluation of receivables designed to identify potential charges to the provision is performed on a continuous basis throughout the year.

The carrying value of receivables at the end of each reporting period and the amount and timing of recorded provision for any period could differ based on actual experience and changes in judgments made.

There are no provisions for each of the three years in the period ended December 31, 2023.

*(b) Impairment of investment properties (Note 7)*

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.

This involved management judgments and assumptions for indicators of impairment with reference to the fair value of investment properties prepared using the market data approach by third party appraisers, as well as significant changes with respect to asset condition, intended utilization and performance, and industry and economic trends that may indicate impairment.

Determining the recoverable amount of investments properties requires the determination the higher of fair value less cost of disposal and future cash flows expected to be generated from such assets. The Group recognizes an impairment loss if such indications are present and whenever the carrying amount of an asset exceeds its recoverable amount. Any resulting additional impairment loss could have a significant impact on the Group's results of operations and financial position. The Group considers each asset separately in making its judgment.

The aggregate fair value of investment properties prepared using market data approach is higher than the carrying amount (Note 7). Further, based on management assessment there were no changes indicating impairment with respect to asset condition, intended utilization and performance, and industry and economic trends. Accordingly, the investment properties are not considered impaired and assessed as fully recoverable as at December 31, 2023 and 2022.

*(c) Impairment of other non-financial assets – property and equipment (Note 8) and intangible asset (Note 9)*

The Group assesses impairment on these whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable.

Determining the recoverable amount of assets requires the determination the higher of fair value less cost of disposal and future cash flows expected to be generated from such assets. The Group recognizes an impairment loss if such indications are present and whenever the carrying amount of an asset exceeds its recoverable amount. Any resulting additional impairment loss could have a significant impact on the Group's results of operations and financial position. The Group considers each asset separately in making its judgment.

Based on management assessment, there were no significant indicators of impairment the Group's property and equipment and intangible assets and are assessed as not impaired and fully recoverable as at December 31, 2023 and December 31, 2022.

*(d) Classification of leases (Note 7)*

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.

*(e) Recognition of deferred income tax assets (Note 17)*

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 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, 2023 and 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.

## **22 Summary of material 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 and Sustainability Reporting Standards Council (formerly known as 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 benefits.

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, amendments and interpretations to existing standards as adopted by the Group effective January 1, 2023*

- Amendments to PAS 1, 'Presentation of Financial Statements', and PFRS Practice Statement 2

The amendment requires entities to disclose their material rather than their significant accounting policies. The amendments define what is 'material accounting policy information' (being information that, when considered together with other information included in an entity's financial statements, can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements) and explain how to identify when accounting policy information is material. They 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 Making Materiality Judgements was also amended to provide guidance on how to apply the concept of materiality to accounting policy disclosures.

The amendments to PAS 1 are effective for annual periods beginning on or after January 1, 2023, with earlier application permitted and are applied prospectively. The amendments to PFRS Practice Statement 2 do not contain an effective date or transition requirements.

- Amendment to PAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors'

The amendment clarifies how companies should distinguish changes 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.

## Amendments to PAS 12, *Income Taxes*

The amendments require companies to recognize deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. They will typically apply to transactions such as leases of lessees and decommissioning obligations and will require the recognition of additional deferred tax assets and liabilities.

The amendment should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, entities should recognize deferred tax assets (to the extent that it is probable that they can be utilized) and deferred 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 recognized 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. PAS 12 did not previously address how to account for the tax effects of on-balance sheet leases and similar transactions and various approaches were considered acceptable.

The adoption of the amendments of PAS 1 was considered by management in the December 31, 2023 consolidated financial statements by disclosing material accounting policy information rather than significant account policies. All other amendments to existing standards are not expected to have a material impact on the consolidated financial statements of the Group

There are no other new standards, interpretations and amendments to existing standards effective January 1, 2023 that are considered to be relevant or have a material impact on the Group's consolidated financial statements.

### *(b) New standards, and amendments and interpretations to existing standards issued but not yet effective as at December 31, 2023*

Certain new standards, and amendments and interpretations to existing standards have been published that are not mandatory for December 31, 2023 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:

- Amendments to PAS 1, *'Presentation of Financial Statements'*

Amendments made to PAS 1 Presentation of Financial Statements in 2020 and 2022 clarified that liabilities are classified as either current or noncurrent, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the entity's expectations or events after the reporting date (e.g. the receipt of a waiver or a breach of covenant).

Covenants of loan arrangements will not affect classification of a liability as current or non-current at the reporting date if the entity must only comply with the covenants after the reporting date. However, if the entity must comply with a covenant either before or at the reporting date, this will affect the classification as current or non-current even if the covenant is only tested for compliance after the reporting date.

The amendments require disclosures if an entity classifies a liability as noncurrent and that liability is subject to covenants that the entity must comply with within 12 months of the reporting date. The disclosures include:

- the carrying amount of the liability
- information about the covenants, and
- facts and circumstances, if any, that indicate that the entity may have difficulty complying with the covenants

The amendments also clarify what PAS 1 means when it refers to the 'settlement' of a liability. Terms of a liability that could, at the option of the counterparty, result in its settlement by the transfer of the entity's own equity instrument can only be ignored for the purpose of classifying the liability as current or non-current if the entity classifies the option as an equity instrument. However, conversion options that are classified as a liability must be considered when determining the current/non-current classification of a convertible note.

The amendments must be applied retrospectively in accordance with the normal requirements in PAS 8, *'Accounting Policies, Changes in Accounting Estimates and Errors'*. Special transitional rules apply if an entity had early adopted the 2020 amendments regarding the classification of liabilities as current or non-current.

The amendments are effective for annual reporting periods beginning on or after January 1, 2024, and must be applied retrospectively. The Group does not expect the amendment to have a significant impact to the Group's consolidated financial statements.

## **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, 2023 and 2022 and for each of the three years in the period ended December 31, 2023. The Group uses uniform accounting policies; any difference between the subsidiaries and Parent Company are adjusted properly.

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

### Assessment of control

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

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

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

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

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

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

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

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

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

As at December 31, 2023 and 2022, NCI pertains to 44% and 5% ownership in GRDC of KPMI Retirement Plan and SPMI, 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:

	2023			2022		
	GRDC	GMRI	Total	GRDC	GMRI	Total
Current assets	1,137,832	22,396,926	23,534,758	773,911	67,981,361	68,755,272
Non-current assets	3,242,043	566,648,891	569,890,934	3,246,370	567,997,060	571,243,430
Total assets	4,379,875	589,045,817	593,425,692	4,020,281	635,978,421	639,998,702
Current liabilities	122,674	767,638	890,312	85,713	315,806	401,519
Non-current liabilities	-	1,353,544	1,353,544	-	1,407,638	1,407,638
Total liabilities	122,674	2,121,182	2,243,856	85,713	1,723,444	1,809,157
Revenues and income	1,201,423	18,195,341	19,396,764	547,203	19,176,733	19,723,936
Income before income tax	1,056,397	13,619,489	14,675,886	415,460	13,497,204	13,912,664
Net income and total comprehensive income	1,022,633	12,669,658	13,692,291	391,633	12,665,307	13,056,940
Cash flows from:						
Operating activities	175,953	8,931,877	9,107,830	133,805	6,211,743	6,345,548
Investing activities	888,975	5,239,859	6,128,834	296,325	48,412,564	48,708,889
Financing activities	(700,000)	(60,000,000)	(60,700,000)	(500,000)	(20,000,000)	(20,500,000)
Proportion of equity interests held by NCI	49%	49%	-	49%	49%	-
Accumulated balance of material NCI	1,505,231	328,896,406	330,401,637	2,027,797	353,186,931	355,214,728
Net income and total comprehensive income attributable to material NCI	65,492	4,428,842	4,494,334	46,760	7,685,391	7,732,151

Accumulated balance of material NCI, and net income and total comprehensive income attributable to material NCI as at and for the year ended December 31, 2021 are P357.4 million and P4.6 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 22.4.

### 22.4 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, 2023 and 2022. Financial assets at amortized cost include cash and cash equivalents receivables and advances to employees. Financial assets at FVOCI pertain to equity securities.

##### (ii) 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.

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains or 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.

##### (iii) 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 Group 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 Group'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 Group 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) as at December 31, 2023 and 2022.

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) Measurement

Financial liabilities are initially recognized at fair value of the consideration received plus directly attributable transaction costs.

Subsequent measurement of 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.



## **22.5 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 statement 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.

Input VAT and CWT 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.

These are classified as current when it is expected to be realized within 12 months after reporting date.

## **22.6 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.

## **22.7 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 useful life of 15-25 years for condominium units.

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 these 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 22.10).

## **22.8 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.

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 22.10).

## **22.9 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 22.10).

## **22.10 Impairment of non-financial assets**

The Group assesses at the reporting date whether there is an indication that its non-financial assets comprise of CWT, input VAT, investment properties, property and equipment, and intangible 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.

## **22.11 Fair value measurement**

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 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, 2023 and 2022, 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 (Notes 12 and 5). The fair value of investment properties are disclosed under Level 3 fair value category (Note 7). The Group has no other assets and liabilities that are measured or disclosed at fair value.

## **22.12 Equity**

### *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.

### *Dividend distribution*

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.

## 22.13 Earnings per share

### *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.

### *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.

## 22.14 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 of the lease term over time.

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 and payroll 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) Gain on sale of interest in land rights; 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.

## 22.15 Employee benefits

### *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.

### *Retirement benefit obligation*

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.

### *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.

## 22.16 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:

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

The Group has no lease transactions as a lessee.

## 22.17 Income taxes

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 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 derecognized when related bases are realized/settled or when it is no longer realizable/due.

## **22.18 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.

## **22.19 Related party relationships and transactions**

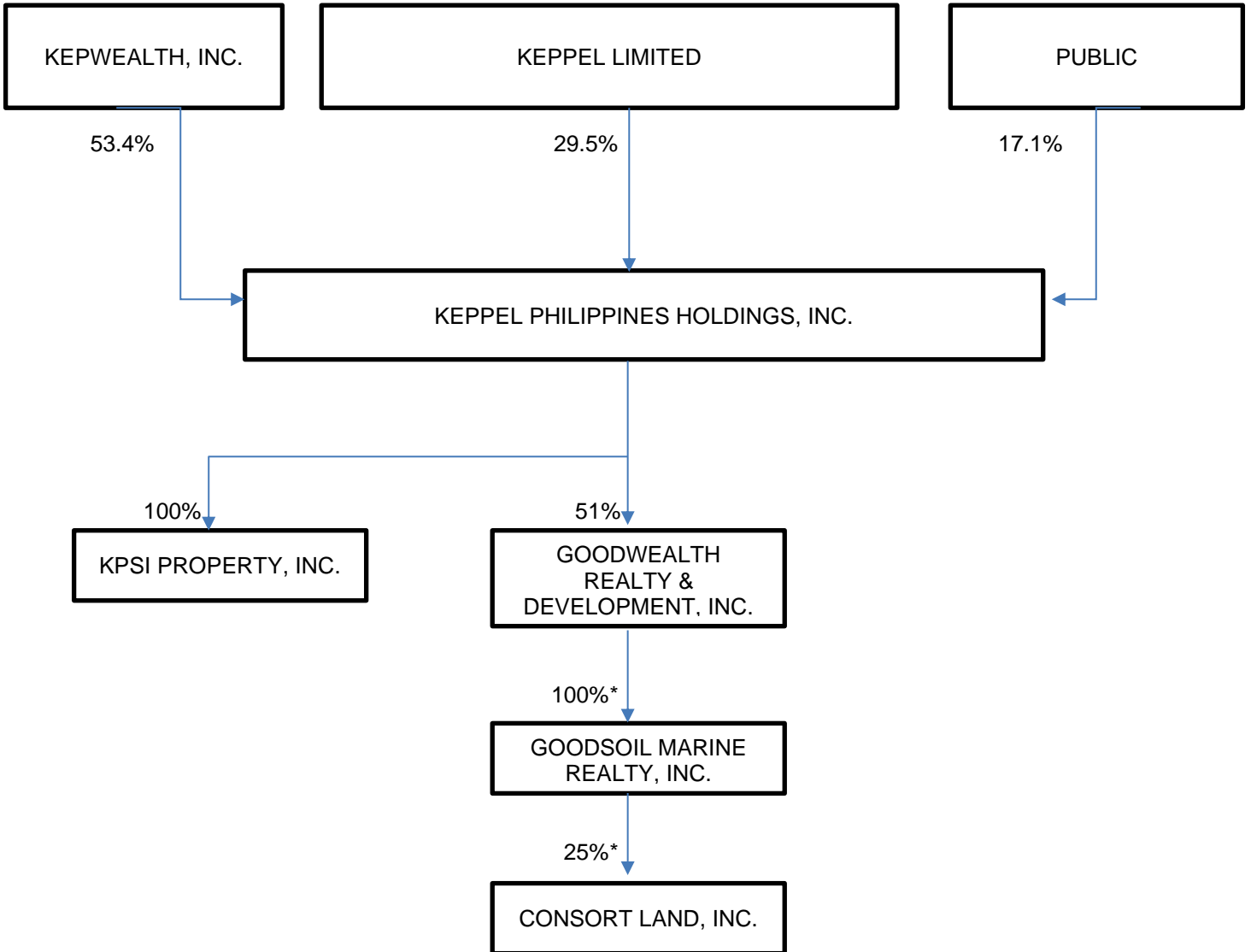
Related party relationship exists when one party has the ability to control, directly, or indirectly through one or more intermediaries, the other party or exercise significant influence over the other party in making financial and operating decisions. Such relationship also exists between and/or among 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.



**Keppel Philippines Holdings, Inc. and Subsidiaries**

Map of Relationships of the Companies within the Group  
As at December 31, 2023



*\*Including voting rights*

## Keppel Philippines Holdings, Inc. and Subsidiaries

Financial Soundness Indicators  
As at December 31, 2023 and 2022  
(With comparative figures as at December 31, 2021)

Ratio	Formula	2023	2022	2021	
<b>A. Current and liquidity ratios</b>					
Current ratio	Total current assets	580,129,423	163.48	188.02	172.71
	Divided by: Total current liabilities	3,548,557			
	<u>Current ratio</u>	<u>163.48</u>			
Acid test ratio	Total current assets	580,129,423	163.27	187.75	172.20
	Less: Other current assets	773,812			
	Quick assets	579,355,611			
	Divided by: Total current liabilities	3,548,556			
	<u>Acid test ratio</u>	<u>163.27</u>			
<b>B. Solvency ratio</b>					
Solvency ratio	Total net income after tax	22,262,539	3.62	2.68	55.35
	Add: Depreciation and amortization	787,119			
		23,049,658			
	Divided by: Total liabilities	6,368,380			
	<u>Solvency ratio</u>	<u>3.62</u>			
<b>C. Debt-to-equity ratio</b>					
Debt-to-equity ratio	Total liabilities	6,368,380	0.005	0.004	0.004
	Divided by: Total equity	1,295,002,556			
	<u>Debt-to-equity ratio</u>	<u>0.005</u>			
<b>D. Asset-to-equity ratio</b>					
Asset-to-equity ratio	Total assets	1,301,370,936	1.01	1.00	1.00
	Divided by: Total equity	1,295,002,556			
	<u>Asset-to-equity ratio</u>	<u>1.01</u>			
<b>E. Debt ratio</b>					
Debt ratio	Total liabilities	6,368,380	0.005	0.004	0.004
	Divided by: Total assets	1,301,370,936			
	<u>Debt ratio</u>	<u>0.005</u>			
<b>F. Profitability ratios</b>					
Return on assets (%)	Net income	22,262,639	1.71%	0.94	20.86
	Divided by: Total assets	1,301,370,936			
	<u>Return on assets (%)</u>	<u>1.71%</u>			
Return on equity (%)	Net income	22,262,639	1.72%	0.94	20.94
	Divided by: Total equity	1,295,002,556			
	<u>Return on equity (%)</u>	<u>1.72%</u>			
Net profit margin (%)	Net income	22,262,639	45.92%	28.20	71.53
	Divided by: Total revenues	48,477,185			
	<u>Net profit margin (%)</u>	<u>45.92%</u>			
<b>G. Earnings per share (EPS) attributable to equity holders of Parent</b>					
EPS attributable to equity holders of Parent	Net income after minority interest	17,768,305	0.31	0.08	4.61
	Divided by: Total shares outstanding	57,233,019			
	<u>EPS attributable to equity holders of Parent</u>	<u>0.31</u>			
<b>H. Book value per share (BPS) attributable to equity holders of Parent</b>					
BPS attributable to equity holders of Parent	Total equity after minority interest	964,600,919	16.85	16.46	16.19
	Divided by: Total shares outstanding	57,233,019			
	<u>BPS attributable to equity holders of Parent</u>	<u>16.85</u>			

**Keppel Philippines Holdings, Inc. and Subsidiaries**

Schedule A - Financial Assets  
As at December 31, 2023  
(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*		575,523,245	575,523,245	32,476,233
Receivables, net**		29,821,347	29,821,347	-
		605,344,592	605,344,592	32,476,233
Financial asset at fair value through other comprehensive income***				
Wack-Wack Golf and Country Club, Inc.	1	70,000,000	70,000,000	-
		649,355,611	649,355,611	32,476,233

\* 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, 2023  
(All amounts in Philippine Peso)

Name and designation of debtor	Beginning balance	Additions	Deductions		Current	Non-current	Ending balance
			Amount collected	Amount written-off			
Accounts receivable							
Seatrium Philippines Marine, Inc.*	28,152,763	11,196,208	(12,278,099)	-	1,081,891	25,988,981	27,070,872
Bay Philippines Holdings, Inc.	-	660,000	(660,000)	-	-	-	-
Keppel IVI Investments, Inc.	-	480,000	(480,000)	-	-	-	-
Keppel Energy Consultancy, Inc.	-	360,000	(360,000)	-	-	-	-
Kepwealth, Inc.	-	276,000	(276,000)	-	-	-	-
Keppel Philippines Properties, Inc.	-	140,000	(140,000)	-	-	-	-
Kepventure, Inc.	-	60,000	(60,000)	-	-	-	-
	28,152,763	13,172,208	(14,254,099)		1,081,891	25,988,981	27,070,872

\*Effective March 1, 2023, Seatrium Philippines Marine, Inc. is no longer considered as related party.

(See Note 3 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, 2023  
(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
<b>Not applicable</b>							

**Keppel Philippines Holdings, Inc. and Subsidiaries**

Schedule D - Long-Term Debt  
As at December 31, 2023  
(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"
<b>Not applicable</b>			

**Keppel Philippines Holdings, Inc. and Subsidiaries**

Schedule E - Indebtedness to Related Parties

As at December 31, 2023

(All amounts in Philippine Peso)

Name of affiliate	Beginning balance	Ending balance
<b>Not applicable</b>		

**Keppel Philippines Holdings, Inc. and Subsidiaries**

Schedule F - Guarantees of Securities of Other Issuers  
As at December 31, 2023  
(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
<b>Not applicable</b>				



**Keppel Philippines Holdings, Inc. and Subsidiaries**

Schedule G - Share Capital  
As at December 31, 2023  
(All amounts in Philippine Peso)

Title of issue	Number of shares authorized	Number of shares issued and outstanding	Number of shares reserved for options, warrants, conversions, and other rights	Number of shares held by		
				Affiliates	Directors, officers, and employees	Others
<b>Issued shares:</b>						
Common class "A"	90,000,000	39,840,970	-	-	-	-
Common class "B"	200,000,000	33,332,530	-	-	-	-
<b>Total</b>	<b>290,000,000</b>	<b>73,173,500</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Less treasury shares:</b>						
Common class "A"	-	4,084,900	-	-	-	-
Common class "B"	-	11,855,581	-	-	-	-
<b>Total</b>	<b>-</b>	<b>15,940,481</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Outstanding shares:</b>						
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
<b>Total</b>	<b>-</b>	<b>57,233,019</b>	<b>-</b>	<b>47,427,017</b>	<b>44</b>	<b>9,805,958</b>

(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, 2023  
(All amounts in Philippine Peso)

<b>Unappropriated Retained Earnings, based on audited separate financial statements, beginning of the year</b>		<b>469,526,164</b>
Add: Category A: Items that are directly credited to Unappropriated retained earnings		
Reversal of Retained earnings appropriation/s	-	
Effect of restatements or prior-period adjustments	-	
Others (describe nature)	-	-
Less: Category B: Items that are directly debited to Unappropriated retained earnings		
Dividend declaration during the reporting period	5,723,302	
Retained earnings appropriated during the reporting period	-	
Effect of restatements or prior-period adjustments	-	
Others (describe nature)	-	(5,723,302)
<b>Unappropriated Retained Earnings, as adjusted</b>		<b>463,802,862</b>
Add/Less: Net Income (loss) for the current year/period		42,776,058
Less: Category C.1: Unrealized income recognized in the profit or loss during the year/period (net of tax)		
Equity in net income of associate/joint venture, net of dividends declared	-	
Unrealized foreign exchange gain, except those attributable to cash and cash equivalents	-	
Unrealized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	-	
Unrealized fair value gain of investment property	-	
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS (describe nature)	-	-

(continued)

**Keppel Philippines Holdings, Inc.**

Reconciliation of Retained Earnings Available for Dividend Declaration  
For the year ended December 31, 2023  
(All amounts in Philippine Peso)

Add: Category C.2: Unrealized income recognized in the profit or loss in prior reporting periods but realized in the current reporting period (net of tax)	-	
Realized foreign exchange gain, except those attributable to Cash and cash equivalents	-	
Realized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	-	
Realized fair value gain of Investment property	-	
Other realized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS (describe nature)	-	-
Add: Category C.3: Unrealized income recognized in profit or loss in prior periods but reversed in the current reporting period (net of tax)	-	
Reversal of previously recorded foreign exchange gain, except those attributable to cash and cash equivalents	-	
Reversal of previously recorded fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	-	
Reversal of previously recorded fair value gain of investment property	-	
Reversal of other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS, previously recorded (describe nature)	-	-
<b>Adjusted net income/loss</b>		<b>42,776,058</b>
Add: Category D: Non-actual losses recognized in profit or loss during the reporting period (net of tax)		
Depreciation on revaluation increment (after tax)		-
Add/Less: Category E: Adjustments related to relief granted by the SEC and BSP		
Amortization of the effect of reporting relief	-	
Total amount of reporting relief granted during the year	-	
Others (describe nature)	-	-

(continued)

**Keppel Philippines Holdings, Inc.**

Reconciliation of Retained Earnings Available for Dividend Declaration  
For the year ended December 31, 2023  
(All amounts in Philippine Peso)

Add/Less: Category F: Other items that should be excluded from the determination of the amount of available for dividends distribution		
Net movement of treasury shares (except for reacquisition of redeemable shares)	-	
Net movement of deferred tax asset not considered in the reconciling items under the previous categories	-	
Net movement in deferred tax asset and deferred tax liabilities related to same transaction, e.g., set up of right of use of asset and lease liability, set-up of asset and asset retirement obligation, and set-up of service concession asset and concession payable	-	
Adjustment due to deviation from PFRS/GAAP - gain (loss)	-	
Others (describe nature)	-	-
<b>Total Retained Earnings, end of the year available for dividend declaration</b>		<b>506,578,920</b>

# COVER SHEET

for  
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

6	2	5	9	6					
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**COMPANY NAME**

K	E	P	P	E	L		P	H	I	L	I	P	P	I	N	E	S		H	O	L	D	I	N	G	S		
I	N	C	.																									

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

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

Form Type

A	A	F	S
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Department requiring the report

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Secondary License Type, if Applicable

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### COMPANY INFORMATION

Company's Email Address

info@keppelph.com
-------------------

Company's Telephone Number/s

02-88921820
-------------

Mobile Number

--

No. of Stockholders

411 as of 31 December 2023
-------------------------------

Annual Meeting (Month/Day)

Any Day in June
-----------------

Fiscal Year (Month/Day)

December 31
-------------

### CONTACT PERSON INFORMATION

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

Name of Contact Person

Felicidad V. Razon
--------------------

Email Address

info@keppelph.com
-------------------

Telephone Number/s

02-88921820
-------------

Mobile Number

--

### 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.

**From:** [eafs@bir.gov.ph](mailto:eafs@bir.gov.ph)  
**To:** [Felicidad Razon \[KPHI\]](#)  
**Cc:** [Felicidad Razon \[KPHI\]](#)  
**Subject:** Your BIR AFS eSubmission uploads were received  
**Date:** Monday, April 15, 2024 4:21:46 PM

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Hi KEPPEL PHILIPPINES HOLDINGS, INC.,

### Valid files

- EAFS000163715AFSTY122023.pdf
- EAFS000163715ITRTY122023.pdf
- EAFS000163715TCRTY122023-01.pdf
- EAFS000163715OTHTY122023.pdf
- EAFS000163715RPTTY122023.pdf

### Invalid file

- <None>

Transaction Code: **AFS-0-A9LLGH750PMWVP4MPZX23Z220B8LH9FJ6**

Submission Date/Time: **Apr 15, 2024 04:21 PM**

Company TIN: **000-163-715**

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- The submitted forms, documents and attachments are complete, truthful and correct based on the personal knowledge and the same are from authentic records;
- The submission is without prejudice to the right of the BIR to require additional document, if any, for completion and verification purposes;
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## STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **KEPPEL PHILIPPINES HOLDINGS, INC.** (the "Company") is responsible for the preparation and fair presentation of the financial statements including the schedules therein, for the years ended **December 31, 2023 and 2022**, 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.



**KEVIN CHNG CHEE KEONG**  
Chairman of the Board



**ALAN I. CLAVERIA**  
President



**FELICIDAD V. RAZON**  
Vice President/Treasurer

Signed this 28th March 2024





## Independent Auditor's Report

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

### *Report on the Audits of the Separate Financial Statements*

#### **Our Opinion**

In our opinion, the accompanying separate financial statements present fairly, in all material respects, the financial position of Keppel Philippines Holdings, Inc. (the "Company") as at December 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRS).

#### *What we have audited*

The separate financial statements of the Company comprise:

- the statements of financial position as at December 31, 2023 and 2022;
- the statements of total comprehensive income for the years ended December 31, 2023 and 2022;
- the statements of changes in equity for the years ended December 31, 2023 and 2022;
- the statements of cash flows for the years ended December 31, 2023 and 2022; and
- the notes to the separate financial statements, including material accounting policy information.

#### **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 Separate 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 Company 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 separate financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and Code of Ethics.

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



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

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

Management is responsible for the preparation and fair presentation of the separate financial statements in accordance with PFRS, and for such internal control as management determines is necessary to enable the preparation of separate financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Company's financial reporting process.

**Auditor's Responsibilities for the Audit of the Separate Financial Statements**

Our objectives are to obtain reasonable assurance about whether the separate 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 separate financial statements.



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

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 separate 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 Company'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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.



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

***Report on the Bureau of Internal Revenue Requirement***

Our audits were conducted for the purpose of forming an opinion on the basic separate financial statements taken as a whole. The supplementary information in Note 21 to the separate financial statements are presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic separate financial statements. Such supplementary information is the responsibility of management and has been subjected to the auditing procedures applied in our audits of the separate financial statements. In our opinion, the supplementary information is fairly stated in all material respects in relation to the separate financial statements taken as a whole.

**Isla Lipana & Co.**

  
Imelda Dela Vega Mangundaya  
Partner

CPA Cert. No. 0090670

PTR No. 0024586, issued on January 12, 2024, Makati City

TIN 152-015-124

BIR A.N. 08-000745-047-2021, issued on November 23, 2021; effective until November 22, 2024

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

Makati City  
February 5, 2024



## **Statement Required by Rule 68 Securities Regulation Code (SRC)**

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

We have audited the separate financial statements of Keppel Philippines Holdings, Inc. (the "Company") as at and for the year ended December 31, 2023, on which we have rendered the attached report dated February 5, 2024.

In compliance with the Revised SRC Rule 68 and based on the certification received from the Company's corporate secretary, the Company has 237 shareholders, each owning one hundred (100) or more shares, as at December 31, 2023.

### **Isla Lipana & Co.**

  
Imelda Dela Vega-Mangundaya  
Partner

CPA Cert. No. 0090670

PTR No. 0024586, issued on January 12, 2024, Makati City

TIN 152-015-124

BIR A.N. 08-000745-047-2021, issued on November 23, 2021; effective until November 22, 2024

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

Makati City  
February 5, 2024

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

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## **Statement Required by Rule 68 Securities Regulation Code (SRC)**

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

We have audited the separate financial statements of Keppel Philippines Holdings, Inc. as at and for the year ended December 31, 2023, on which we have rendered the attached report dated February 5, 2024. The Reconciliation of Retained Earnings Available for Dividend Declaration as at December 31, 2023, as an additional component required by Revised SRC Rule 68, is presented for purposes of filing with the Securities and Exchange Commission and is not a required part of the basic financial statements. Such supplementary information is the responsibility of management and has been subjected to the auditing procedures applied in the audit of the basic financial statements. In our opinion, the supplementary information has been prepared in accordance with Revised SRC Rule 68.

### **Isla Lipana & Co.**

  
Imelda Dela Vega-Mangundaya  
Partner

CPA Cert. No. 0090670

PTR No. 0024586, issued on January 12, 2024, Makati City

TIN 152-015-124

BIR A.N. 08-000745-047-2021, issued on November 23, 2021; effective until November 22, 2024

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

Makati City  
February 5, 2024

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

**Keppel Philippines Holdings, Inc.**

Statements of Financial Position  
As at December 31, 2023 and 2022  
(All amounts in Philippine Peso)

	Notes	2023	2022
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	2	536,150,655	499,462,379
Receivables	3	2,545,392	1,396,387
Other current assets		285,835	367,530
Total current assets		538,981,882	501,226,296
<b>Non-current assets</b>			
Financial asset at fair value through other comprehensive income	4	70,000,000	58,000,000
Investments in subsidiaries	5	110,165,069	110,165,069
Retirement benefit asset, net	10	-	1,049,440
Property and equipment, net	6	179,442	254,939
Intangible assets, net	7	1,001,991	1,355,636
Total non-current assets		181,346,502	170,825,084
<b>Total assets</b>		<b>720,328,384</b>	<b>672,051,380</b>
<b>Liabilities and Equity</b>			
<b>Current liabilities</b>			
Accrued expenses and other current liabilities	8	3,124,419	3,277,319
<b>Non-current liabilities</b>			
Retirement benefit obligation	10	837,483	-
Total liabilities		3,961,902	3,277,319
<b>Equity</b>			
Share capital	11	73,173,500	73,173,500
Share premium	11	65,581,036	65,581,036
Treasury shares	11	(26,004,530)	(26,004,530)
Investment revaluation reserve	4	69,683,996	57,683,996
Remeasurements on retirement benefit obligation	10	1,349,030	2,809,365
Retained earnings	11	532,583,450	495,530,694
Total equity		716,366,482	668,774,061
<b>Total liabilities and equity</b>		<b>720,328,384</b>	<b>672,051,380</b>

(The notes on pages 1 to 30 are integral part of these separate financial statements)

**Keppel Philippines Holdings, Inc.**

Statements of Total Comprehensive Income  
For the years ended December 31, 2023 and 2022  
(All amounts in Philippine Peso)

	<b>Notes</b>	<b>2023</b>	<b>2022</b>
<b>Revenues and income</b>			
Dividend income	9	31,003,600	10,303,867
Interest income	2,13	29,043,968	14,187,445
Management fees	9	2,196,000	2,361,000
Payroll service fees	9	-	3,394,624
Other income		154,774	435,501
		62,398,342	30,682,437
Operating expenses	14	13,778,228	22,629,026
<b>Income before income tax</b>		48,620,114	8,053,411
Income tax expense	15	5,844,056	1,279,141
<b>Net income for the year</b>		42,776,058	6,774,270
<b>Other comprehensive income</b>			
Items that will not be subsequently reclassified to profit or loss:			
Unrealized fair value gain on financial asset at fair value through other comprehensive income	4	12,000,000	14,000,000
Remeasurement (loss) gain on retirement benefit obligation	10	(1,460,335)	1,709,905
		10,539,665	15,709,905
<b>Total comprehensive income for the year</b>		53,315,723	22,484,175
<b>Basic and diluted earnings per share</b>	12	0.75	0.12

(The notes on pages 1 to 30 are integral part of these separate financial statements)



**Keppel Philippines Holdings, Inc.**

Statements of Changes in Equity  
For the years ended December 31, 2023 and 2022  
(All amounts in Philippine Peso)

	Share capital (Note 11)	Share premium (Note 11)	Treasury shares (Note 11)	Investment revaluation reserve (Note 4)	Remeasurements on retirement benefit obligation (Note 10)	Retained earnings (Note 11)	Total
<b>Balances at January 1, 2022</b>	73,173,500	65,581,036	(25,280,999)	43,683,996	1,099,460	494,480,266	652,737,259
<b>Comprehensive income</b>							
Net income for the year	-	-	-	-	-	6,774,270	6,774,270
Other comprehensive income	-	-	-	14,000,000	1,709,905	-	15,709,905
Total comprehensive income for the year	-	-	-	14,000,000	1,709,905	6,774,270	22,484,175
<b>Transactions with owners</b>							
Cash dividends declared (Note 11)	-	-	-	-	-	(5,723,842)	(5,723,842)
Purchase of treasury shares	-	-	(723,531)	-	-	-	(723,531)
Total transactions with owners	-	-	(723,531)	-	-	(5,723,842)	(6,447,373)
<b>Balances at December 31, 2022</b>	73,173,500	65,581,036	(26,004,530)	57,683,996	2,809,365	495,530,694	668,774,061
<b>Comprehensive income (loss)</b>							
Net income for the year	-	-	-	-	-	42,776,058	42,776,058
Other comprehensive income (loss)	-	-	-	12,000,000	(1,460,335)	-	10,539,665
Total comprehensive income (loss) for the year	-	-	-	12,000,000	(1,460,335)	42,776,058	53,315,723
<b>Transactions with owners</b>							
Cash dividends declared (Note 11)	-	-	-	-	-	(5,723,302)	(5,723,302)
<b>Balances at December 31, 2023</b>	73,173,500	65,581,036	(26,004,530)	69,683,996	1,349,030	532,583,450	716,366,482

(The notes on pages 1 to 30 are integral part of these separate financial statements)

**Keppel Philippines Holdings, Inc.**

Statements of Cash Flows  
For the years ended December 31, 2023 and 2022  
(All amounts in Philippine Peso)

	Notes	2023	2022
<b>Cash flows from operating activities</b>			
Income before income tax		48,620,114	8,053,411
Adjustments for:			
Depreciation and amortization	14	429,142	1,119,229
Retirement benefit expense	10	426,588	660,465
Provision for impairment losses, net	14	173,138	1,620,979
Interest income	13	(29,043,968)	(14,187,445)
Dividend income	9	(31,003,600)	(10,303,867)
Gain on disposal of property and equipment and Intangible assets	6,7	-	(159,741)
Operating loss before changes in assets and liabilities		(10,398,586)	(13,196,969)
Changes in operating assets and liabilities:			
Receivables		-	930,561
Other current assets		(91,443)	(586,563)
Accrued expenses and other current liabilities		(152,900)	73,214
Net cash absorbed by operations		(10,642,929)	(12,779,757)
Interest received from cash and cash equivalents		27,894,963	4,200,819
Income taxes paid		(5,844,056)	(1,131,953)
Net cash from (used in) operating activities		11,407,978	(9,710,891)
<b>Cash flows from investing activities</b>			
Cash dividends received	5,9	31,003,600	10,303,867
Principal collection of loans to related parties	9	-	290,000,000
Interest received from loans to related parties		-	9,531,417
Net proceeds from disposal of property and equipment and intangible assets	6,7	-	3,354,562
Purchase of property and equipment	6	-	(206,250)
Loans provided to a related party	9	-	(100,000,000)
Net cash from investing activities		31,003,600	212,983,596
<b>Cash flows from financing activities</b>			
Cash dividends paid	11	(5,723,302)	(5,723,842)
Purchase of treasury shares	11	-	(723,531)
Net cash used in financing activities		(5,723,302)	(6,447,373)
<b>Net increase in cash and cash equivalents</b>		<b>36,688,276</b>	<b>196,825,332</b>
Cash and cash equivalents			
At January 1		499,462,379	302,637,047
<b>At December 31</b>	<b>2</b>	<b>536,150,655</b>	<b>499,462,379</b>

(The notes on pages 1 to 30 are integral part of these separate financial statements)

## Keppel Philippines Holdings, Inc.

Notes to the Separate Financial Statements

As at and for the years ended December 31, 2023 and 2022

(All amounts are shown in Philippine Peso unless otherwise stated)

### 1 General information

Keppel Philippines Holdings, Inc. (the “Company”) was incorporated in the Philippines and registered with the Philippine Securities and Exchange Commission (SEC) on July 24, 1975 to engage primarily in investment holding.

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

The Company's registered office address is Unit 3-B, Country Space I Building, 133 Sen. Gil Puyat Avenue, Salcedo Village, Barangay Bel-Air, Makati City. As at December 31, 2023 and 2022, the Company has four (4) regular employees.

The Company is 53.4%-owned by Kepwealth, Inc., 29.5%-owned by Keppel Corporation Limited (KCL), and 17.1%-owned by the public. Kepwealth, Inc. is incorporated in the Philippines. The ultimate parent company of the Company is KCL, a company incorporated and domiciled in Singapore and listed in the Singapore Exchange. KCL changed its company name to Keppel Limited (KL) effective January 1, 2024.

At December 31, 2023 and 2022, the Company’s percentage of ownership in its subsidiaries, which all belong to the real estate industry:

	Percentage of ownership
KPSI Property, Inc. (KPSI)	100.0%
Goodwealth Realty Development Corp. (GRDC)	51.0%
Goodsoil Marine Realty, Inc. (GMRI)	51.0%

GRDC is 44%-owned by Keppel Philippines Marine, Inc. Retirement Plan (KPMI Retirement Plan) and 5%-owned by Seatrium Philippines Marine, Inc. (SPMI) formerly known as Keppel Philippines Marine, Inc. (KPMI) in 2023 and 2022. GRDC owns 93.8% of GMRI, thus, including the Company’s 3.2% separate interest in GMRI, the Company has 51% effective ownership on GMRI.

All of the Company's subsidiaries were incorporated and domiciled in the Philippines and with principal place of business at Unit 3-B, Country Space 1 Building, 133 Sen. Gil J. Puyat Avenue, Salcedo Village, Barangay Bel-Air, Makati City.

As at December 31, 2023, the Company has 237 (2022 - 243) shareholders, each owning at least 100 shares.

The accompanying separate financial statements of the Company have been approved and authorized for issuance by the Board of Directors (BOD) on January 29, 2024. There are no material events that occurred from January 29, 2024 to February 5, 2024.

## 2 Cash and cash equivalents

The account as at December 31 consist of:

	2023	2022
Cash in banks	2,527,408	8,410,302
Cash equivalents	533,623,247	491,052,077
	536,150,655	499,462,379

Cash in banks earn interest at the prevailing bank deposit rates. Cash equivalents are short-term investments, which are placed in financial institutions for varying periods with maturities of up to three (3) months, and earned interest at annual rates that ranged from 4.375% to 6.0% in 2023 (2022 - 0.375% to 5.0%). Interest income earned amounted to P29,043,968 in 2023 (2022 - P5,659,765) (Note 13). Interest receivable amounted to P2,545,392 as at December 31, 2023 (2022 - P1,396,387) (Note 3).

## 3 Receivables

The account as at December 31, 2023 pertains to interest receivable amounting to P2,545,392 (2022 - P1,396,387) (Note 2).

Based on the results of management assessment, the Company believes no loss allowance is required as at December 31, 2023 and 2022.

## 4 Financial asset at fair value through other comprehensive income (FVOCI)

This account pertains to proprietary golf club share that provides the Company with opportunities for long-term 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 in 2023 and 2022.

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

	2023	2022
Original cost	316,004	316,004
Investment revaluation reserve		
January 1	57,683,996	43,683,996
Unrealized fair value gain	12,000,000	14,000,000
December 31	69,683,996	57,683,996
	70,000,000	58,000,000

## 5 Investments in subsidiaries

The account as at December 31, 2023 and 2022 consist of:

	Cost
GMRI	93,257,000
KPSI	16,000,000
GRDC	908,069
	110,165,069

(a) KPSI

The Company has 100% ownership interest in KPSI. KPSI is primarily engaged in the real estate business, particularly in the lease of its investment properties to entities under common control and third parties.

The Company earned and received cash dividends from KPSI amounting to P500,000 in 2023 (2022 - nil) (Note 9).

(b) GRDC

The Company has 51% ownership in GRDC. GRDC is engaged primarily in the real estate business, particularly in the lease of its investment properties to entities under common control. There is no difference on the voting rights of non-controlling interests in GRDC as compared to majority shareholders.

The Company earned and received cash dividends from GRDC amounting to P357,000 in 2023 (2022 - P255,000) (Note 9).

(c) GMRI

Including its separate interest of 3.2% in GMRI, the Company has 51% effective indirect ownership in GMRI, a company incorporated in the Philippines. GMRI is a subsidiary of GRDC (Note 1). GMRI is primarily engaged in the real estate business particularly in the lease of its properties to entities under common control. There is no difference on the voting rights of non-controlling interests in GMRI as compared to majority shareholders.

The Company earned and received cash dividends from GMRI amounting to P30,146,600 in 2023 (2022 - P10,048,867) (Note 9).

No financial guarantee contracts exist between the Company and its subsidiaries as at December 31, 2023 and 2022. There are no significant restrictions on the Company and its subsidiaries' ability to use assets or settle liabilities within the Company.

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

	KPSI	GRDC	GMRI
2023			
Current assets	17,612,783	1,137,832	22,396,926
Non-current assets	403,916	3,242,043	566,648,891
Current liabilities	430,168	122,674	767,638
Non-current liabilities	628,797	-	1,353,544
Net assets	16,957,734	4,257,201	586,924,635
Revenues and income	2,985,856	1,201,423	18,195,341
Income before income tax	1,625,053	1,056,397	13,619,489
Net income and total comprehensive income	1,318,071	1,022,633	12,669,658
2022			
Current assets	16,584,438	773,911	67,981,361
Non-current assets	491,289	3,246,370	567,997,060
Current liabilities	337,210	85,713	315,806
Non-current liabilities	598,854	-	1,407,638
Net assets	16,139,663	3,934,568	634,254,977
Revenues and income	1,423,634	547,203	19,176,733
Income before income tax	49,586	415,460	13,497,204
Net income and total comprehensive income	7,437	391,633	12,665,307

As at December 31, 2023 and 2022, management assessed that there is no indicator that the investments in subsidiaries are impaired.

## 6 Property and equipment, net

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

	Note	Condominium units	Office machine, furniture and fixtures	Transportation equipment	Total
<b>2023</b>					
Cost					
January 1		867,309	624,489	715,025	2,206,823
Disposals		-	(3,160)	-	(3,160)
December 31		867,309	621,329	715,025	2,203,663
Accumulated depreciation					
January 1		867,309	369,550	715,025	1,951,884
Depreciation	14	-	75,497	-	75,497
Disposal		-	(3,160)	-	(3,160)
December 31		867,309	441,887	715,025	2,024,221
Net book values		-	179,442	-	179,442
<b>2022</b>					
Cost					
January 1		867,309	1,918,239	715,025	3,500,573
Additions		-	206,250	-	206,250
Disposal		-	(1,500,000)	-	(1,500,000)
December 31		867,309	624,489	715,025	2,206,823
Accumulated depreciation					
January 1		867,309	595,256	715,025	2,177,590
Depreciation		-	292,152	-	292,152
Disposal	14	-	(517,858)	-	(517,858)
December 31		867,309	369,550	715,025	1,951,884
Net book values		-	254,939	-	254,939

In 2022, the Company sold computer hardware and software with net book values of P982,142 and P2,212,679 (Note 7), respectively, to SPMI for a total amount of P3,354,562, resulting in a net gain of P159,741.

Based on the results of management assessment, the Company believes that there was no objective evidence that indicators of impairment exist as at December 31, 2023 and 2022.

## 7 Intangible assets, net

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

	Notes	2023	2022
Cost			
January 1		2,475,510	6,117,555
Disposal	6	-	(3,642,045)
December 31		2,475,510	2,475,510
Accumulated amortization			
January 1		1,119,874	1,722,163
Amortization expense	15	353,645	827,077
Disposal	6	-	(1,429,366)
December 31		1,473,519	1,119,874
Net book value at December 31		1,001,991	1,355,636

Based on the results of management assessment, the Company believes that there was no objective evidence and indicators of impairment exist as at December 31, 2023 and 2022.

## 8 Accrued expenses and other current liabilities

The account as at December 31 consist of:

	Note	2023	2022
Accrued expenses		2,127,145	1,648,455
Payables to government agencies		231,560	760,842
Unearned interest income		-	146,462
Unclaimed dividends	9	765,714	721,560
		3,124,419	3,277,319

Accrued expenses pertain to accrual of benefits, sundry creditors, membership dues, professional fees other expenses.

## 9 Related party transactions and balances

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

Related party	Notes	2023		2022		Terms and conditions	
		Transactions	Outstanding receivable (payable)	Transactions	Outstanding payable		
<b>Entities under common control</b>							
<b>Loans (a)</b>							
Principal - *SPMI	3	-	-	(190,000,000)	-	Outstanding balance is collectible in cash at gross amount, with terms of 90 days subject for renewal, interest-bearing 2023 - nil (2022 - 2.9% to 5.0%) per annum, unsecured, unguaranteed and unsecured.	
- *SSSI		-	-	-	-		
Interest income - *SPMI	13	-	-	5,662,386	-		
- *SSSI		-	-	2,865,294	-		
<b>Reimbursable expenses (b)</b>							
Keppel Enterprise Service Pte. Ltd.		37,274	-	300,427	-	Outstanding balance is collectible in cash at gross amount on demand, non-interest bearing and unsecured, unguaranteed and unsecured.	
*SPMI		-	-	90,800	-		
		37,274	-	391,227	-		
<b>Payroll service fees (c)</b>							
*SSSI		-	-	1,806,659	-		
*SPMI		-	-	1,587,965	-		
		-	-	3,394,624	-		
<b>Management fees (d)</b>							
Bay Philippines Holdings, Inc.		660,000	-	825,000	-		
Keppel Energy Consultancy Inc. (KECI)		240,000	-	240,000	-		
KIVI		180,000	-	180,000	-		
Kepventure, Inc.		60,000	-	60,000	-		
		1,140,000	-	1,305,000	-		
<b>Sale of fixed assets</b>							
SPMI	6,7	-	-	3,354,562	-		
<b>Other income</b>							
Director's fees		-	-	-	-		
KPPI		140,000	-	230,000	-		
<b>Due from related parties</b>							
<b>Shareholders</b>							
<b>Cash dividends declared and paid</b>							
Keppwealth, Inc.		3,053,293	-	3,053,293	-	Outstanding balance is payable in cash at gross amount on pay-out date as approved by the Company's BOD, non-interest bearing, unguaranteed and unsecured.	
KL		1,689,409	-	1,689,409	-		
Unclaimed dividends		980,600	765,714	981,140	721,560		
	8,11	5,723,302	765,714	5,723,842	721,560		
<b>Various expenses and charges (b)</b>							
KL		85,276	-	176,978	-	Outstanding balance is collectible in cash at gross amount on demand, non-interest bearing, unguaranteed and unsecured.	
Keppwealth, Inc.		9,843	-	29,131	-		
<b>Management fees (c)</b>							
Keppwealth, Inc.		276,000	-	276,000	-		
<b>Subsidiaries</b>							
<b>Management fees (d)</b>							
GMRI		780,000	-	780,000	-	Outstanding balance is collectible in cash at gross amount on demand, non-interest bearing, unguaranteed and unsecured.	
<b>Reimbursable expenses (b)</b>							
GMRI		44,182	-	83,511	-		
KPSI		5,698	-	9,078	-		
GRDC		459	-	1,357	-		
<b>Subsidiaries</b>							
<b>Dividend income</b>							
GMRI	5	30,146,600	-	10,048,867	-	Outstanding balance is collectible in cash at gross amount on pay-out date as approved by the related party's BOD, non-interest bearing, unguaranteed and unsecured.	
GRDC	5	357,000	-	255,000	-		
KPSI	5	500,000	-	-	-		
		31,003,600	-	10,303,867	-		
<b>Key management personnel</b>							
<b>Salaries and other short-term employee benefits (f)</b>							
Retirement benefits		2,142,000	-	1,943,200	-	Outstanding balance is payable at gross amount every designated period per employee contracts, non-interest bearing and unsecured.	
		426,588	-	660,465	-		

\* Effective March 1, 2023, SPMI and SSSI is no longer considered as a related party due to KL's sale of SPMI and SSSI shares to an external party.



The Company shall at all times observe and adhere with the related party transactions policy and all other relevant laws, rules and regulations, as may be applicable, in the review, approval and disclosure of related party transactions. The members of the Audit, Risk and Compliance Committee and management disclose to the BOD all material facts related to the material related party transactions, whether potential or actual conflict of interest, including their direct and indirect interest in any transaction or matter that may affect or is affecting the Company. Materiality threshold is 10% of the Company'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 Company.

For the years ended December 31, 2023 and 2022, the Company 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 Company granted short-term, interest-bearing loans to SPMI and KSSI. The loans were fully paid in 2022.

(b) Reimbursable expenses

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

(c) Payroll services

In 2020, the Company entered into payroll service agreements with SSSI and SPMI for the use of the payroll system of the Company. The Company charges these parties at agreed service fees for the one-time and recurring charges incurred by the Company based on actual cost plus 5% markup. These agreements are considered renewed every year thereafter and subject to mutual amendments or termination by the parties. The agreements were terminated effective November 2022.

(d) Management fees

Since 2013, the Company had management agreements with related parties with monthly management fees which are subject to change depending upon the extent and volume of services provided by the Company. The services cover regular consultancy, handling of financial reporting, personnel and administration services including payroll and other government documentary requirements. These 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 at an agreed fixed monthly fee, which is subject to increase depending upon the extent and volume of services.

In April 2021, the Company signed an accounting services agreement with Bay Philippines Holdings Corp., an entity under common control, for 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 renewal until terminated by either party at any time by giving not less than 90 days written notice to the other party.

(e) Compensation of key management personnel

There were no share-based compensation, other long-term and termination benefits provided to key management personnel in 2023 and 2022.

## 10 Retirement benefit obligation

The Company 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 in 2023 and 2022.

Details of retirement benefit (liability) asset, net, in the statement of financial position as at December 31 are as follows:

	2023	2022
Fair value of plan assets	3,188,989	8,830,923
Present value of retirement benefit obligation	(4,026,472)	(7,781,483)
	(837,483)	1,049,440

Movements in the retirement benefit liability (asset), net, as at December 31 are as follows:

	2023	2022
January 1	(1,049,440)	-
Retirement benefit expense recognized in profit or loss	426,588	660,465
Remeasurement gain (loss) in other comprehensive income	1,460,335	(1,709,905)
December 31	837,483	(1,049,440)

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

	2023	2022
January 1	7,781,483	9,052,516
Current service cost	507,310	660,465
Interest cost	598,542	449,005
Benefits paid	(5,672,500)	-
Remeasurement loss (gain) from:		
Experience adjustments	577,185	(162,147)
Change in financial assumptions	234,452	(2,218,356)
December 31	4,026,472	7,781,483

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

	2023	2022
January 1	8,830,923	9,052,516
Interest income	679,264	449,005
Benefits paid	(5,672,500)	-
Remeasurement loss on plan assets	(648,698)	(670,598)
December 31	3,188,989	8,830,923

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, 2024.

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:

	Note	2023	2022
Current service cost		507,310	660,465
Net interest cost		(80,722)	-
	14	426,588	660,465

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

	2023	2022
January 1	2,809,365	1,099,460
Remeasurement (loss) gain	(1,460,335)	1,709,905
December 31	1,349,030	2,809,365

The principal actuarial assumptions used are as follows:

	2023	2022
Discount rate	6.96%	7.69%
Salary increase rate	5.00%	5.00%
Average remaining working life	14.39	10.26
Weighted average duration of the defined benefit obligation	9	10

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 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, 2023 and 2022 in accordance with published statistical data and historical mortality experience in the Philippines.

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

	Impact on retirement benefit obligation		
	Change in assumption	Increase in assumption	Decrease in assumption
2023			
Discount rate	1%	(318,736)	347,991
Salary increase rate	1%	351,372	(327,561)
2022			
Discount rate	1%	(665,305)	733,440
Salary increase rate	1%	746,189	(688,504)

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 PUC method at the end of the reporting period) has been applied as when calculating the retirement benefit obligation recognized in the 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:

	2023	2022
Less than a year	44,968	76,768
Between one (1) to five (5) years	250,650	401,663
Over five (5) years but not more than ten (10) years	6,326,787	12,725,191
Over ten (10) years	11,740,888	11,066,646
	18,363,293	24,270,268

## 11 Equity

### (a) Share capital and share premium

Details of share capital and share premium as at December 31, 2023 and 2022 are as follows:

	Amount
Authorized at P1 par value per share	
Class "A"	90,000,000
Class "B"	200,000,000
	290,000,000
Issued at P1 par value per share	
Class "A"	39,840,970
Class "B"	33,332,530
Share capital	73,173,500
Share premium	65,581,036

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, 2023 (2022 - 18% and 82%, respectively). 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:

	2023	2022
Class "A"		
January 1	35,756,070	35,826,670
Purchase of treasury shares	-	(70,600)
December 31	35,756,070	35,756,070
Class "B"		
January 1	21,476,949	21,515,749
Purchase of treasury shares	-	(38,800)
December 31	21,476,949	21,476,949
Total outstanding shares	57,233,019	57,233,019

In 2023, there was no purchase of treasury shares.

In 2022, the Company purchased a total of 70,600 common share at an average price of P6.48 per share for a total consideration of P457,417 in Class A, and for Class B, KPHI purchased a total of 38,800 common share at an average price of P6.86 per share for a total consideration of P266,114.

Details of the Company's weighted average number of shares as at December 31, 2023 and 2022 are as follows:

	Amount
Class "A"	35,756,070
Class "B"	21,476,949
	57,233,019

In accordance with Securities Regulation Code Rule 68, as Amended (2019), Annex 68-K, below is a summary of the 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
2023				
Class "A"	35,756,070	1.00	June 30, 2000	370
Class "B"	21,476,949	1.00	June 30, 2000	54
	57,233,019	1.00	June 30, 2000	
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	1.00	June 30, 2000	

(b) Retained earnings and treasury shares

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

	2023		2022	
	Shares	Cost	Shares	Cost
Class "A"	4,084,900	15,840,946	4,084,900	15,840,946
Class "B"	11,855,581	10,163,584	11,855,581	10,163,584
	15,940,481	26,004,530	15,940,481	26,004,530

The Company's BOD declared cash dividends of P0.10 per share or P5,723,302 in June 2023 and P0.10 per share or P5,723,842 in June 2022. These were paid in July 2023 and 2022. The unclaimed dividends amounted to P765,714 as at December 31, 2023 (2022 - P721,560) (Notes 8 and 9).

As at December 31, 2023, the Company has unappropriated retained earnings of P506,578,920 (2022 - P469,526,164). The amount of unrestricted retained earnings is in excess of 100% of its paid-up capital amounted to P367,824,384 as at December 31, 2023 (2022 - 330,771,628). The Company declares and pays cash dividends on a regular basis. The Company plans to declare dividends in 2024 based upon the favorable result of operations and the availability of unappropriated retained earnings. The Company is also pursuing potential projects in the coming years for which the excess retained earnings will be utilized.

## 12 Earnings per share

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

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

	Note	2023	2022
Net income for the year		42,776,058	6,774,270
Divided by: Weighted average common shares	11(a)	57,233,019	57,233,019
Basic earnings per share		0.75	0.12

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

### 13 Interest income

The account as at December 31 consists of:

	Notes	2023	2022
Interest from bank deposits	2	29,043,968	5,659,765
Interest from loans	9	-	8,527,680
		29,043,968	14,187,445

### 14 Operating expenses

The account as at December 31 consists of:

	Notes	2023	2022
Salaries, wages, and employee benefits		6,281,969	10,822,072
Professional fees		4,216,200	3,382,938
Repairs and maintenance		825,946	2,541,254
Depreciation and amortization	6,7	429,142	1,119,229
Taxes and licenses		381,874	1,109,709
Membership and dues		318,728	216,227
Utilities		269,612	439,880
Provision for impairment losses		173,138	1,620,979
Transportation and travel		148,758	553,474
Fringe benefit tax		112,601	143,000
Advertising		58,725	66,226
Office supplies		40,656	123,690
Postages		26,871	15,313
Insurance		8,657	9,347
Others		485,351	465,688
		13,778,228	22,629,026

Others include bank charges, business development expenses, and various items that are individually immaterial.

As at December 31, 2023, creditable withholding taxes (CWT) under other current assets were fully provided with allowance for impairment. Movements in provision for impairment related to CWT for the years ended December 31 are as follows:

	2023	2022
January 1	3,021,953	1,400,974
Provision	173,138	1,620,979
December 31	3,195,091	3,021,953

## 15 Income taxes

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 the following:

	2023		2022	
	Tax base	Tax effect	Tax base	Tax effect
Net operating loss carry over (NOLCO)	16,609,497	4,152,374	6,050,085	1,512,521
Accrued expenses	802,497	200,624	363,547	90,887
Retirement benefit obligation	837,483	209,371	(1,049,440)	(262,360)
	18,249,477	4,562,369	5,364,192	1,341,048
Minimum corporate income tax (MCIT)	-	182,450	-	904,265
		4,744,819		2,245,313

Under the National Internal Revenue Code of 1997, 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 Company is subject to 25% RCIT and 1% and 2% MCIT as at June 30, 2023 and December 31, 2023 (2022 - 25% RCIT and 1% MCIT).

Details of unrecognized NOLCO as at December 31 are as follows:

Year incurred	Expiry year	2023	2022
2023	2026	10,559,412	-
2022	2025	6,050,085	6,050,085
		16,609,497	6,050,085
Tax rate		25%	25%
		4,152,374	1,512,521

Details of unrecognized MCIT as at December 31 are as follows:

Year incurred	Expiry year	2023	2022
2023	2026	35,262	-
2022	2025	147,188	147,188
2020	2023	757,077	757,077
2019	2022	-	521,380
		939,527	1,425,645
Expired		(757,077)	(521,380)
		182,450	904,265

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

	2023	2022
Current	35,262	147,188
Final tax on interest income	5,808,794	1,131,953
	5,844,056	1,279,141

Reconciliations of income tax computed at the statutory tax rates to the income tax expense as shown in the statements of total comprehensive income for the years ended December 31 are as follows:

	2023	2022
Income tax computed at 25%	12,155,029	2,013,353
Adjustments resulting from tax effects of:		
Final tax on interest income	5,808,794	1,131,953
Changes in unrecognized deferred income tax assets	2,792,483	1,719,498
Non-deductible expense	99,642	405,245
Interest income subjected to final tax	(7,260,992)	(1,414,941)
Non-taxable income	(7,750,900)	(2,575,967)
Effective income tax expense	5,844,056	1,279,141

## 16 Operating segments

For management reporting purposes, the Company's businesses are classified into the following business segments: (1) investment holdings, and (2) real estate, with SPMI and a third party as key customers. There are no real estate transactions in 2023 and 2022.

Details of the Company's business segments as at and for the years ended December 31 are as follows:

	2023	2022
Revenues and income		
SPMI	-	7,250,351
Other related parties	33,199,600	17,336,820
Interest income from banks and other income	29,198,742	6,095,266
Total revenues and income	62,398,342	30,682,437
Income before income tax	48,620,114	8,053,411
Income tax expense	(5,844,056)	(1,279,141)
Net income	42,776,058	6,774,270
Other comprehensive income	10,539,665	15,709,905
Total comprehensive income	53,315,723	22,484,175
Other information		
Segment assets	720,328,385	672,051,380
Segment liabilities	3,961,901	3,277,319
Depreciation and amortization	429,142	1,119,229

Effective March 1, 2023, SPMI is no longer considered as a related party due to KL's sale of SPMI shares to an external party.

Segment assets and segment liabilities are measured in the same way as in the separate financial statements. These assets and liabilities are allocated based on operations of each segment. Segment revenues, segment expenses and segment results include transfers between business segments, if any.

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

There were no revenues from external customers in 2023 and 2022.



## 17 Other matters

The Company 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 Company sold such land rights to a third party for a gross price of P358,600,000. The Company's cash deposit of P4,090,000 within other non-current assets in the statement of financial position as at December 31, 2020, and related legal expense of P1,778,813 and commission expense of P7,172,000 incurred and paid in 2021, were applied against the gross price resulting in a net gain of P345,559,187 on the sale of interest in land rights in 2021. As part of the condition of the sale, the necessary motions for substitution were made in court to replace the Company with the buyer as the new plaintiff. On March 10, 2022, the court granted the Company's motion for substitution resulting in the extinguishment of any possible liabilities. Thereafter, PNOC filed a Petition for Certiorari with the Court of Appeals (CA) with the latter rendering judgement in favor of PNOC on October 25, 2023. The respondents then filed their Motion for Reconsideration of the CA ruling. Motions for reconsideration were filed on November 24, 2023 with the case remaining pending as the CA has yet to rule.

## 18 Financial risk and capital management

### 18.1 Financial risk management

The Company's activities expose it to a variety of financial risks: credit risk, market risks (equity price risk and interest rate risk) and liquidity risk that could affect its financial position and results of operations. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company'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 Company transacts mostly with related parties, thus, there is no requirement for collateral. There are no significant concentrations of credit risk within the Company.

Receivables are monitored on an ongoing basis with the result that the Company's exposure to bad debts is not significant. Significant concentration of credit risk pertains to interest receivable from bank time deposits.

The Company's maximum exposure to credit risk as at December 31 are as follows:

	Notes	High performing	Credit-impaired	Total
<b>2023</b>				
Cash and cash equivalents	2	536,150,655	-	536,150,655
Receivables	3	2,545,392	-	2,545,392
		538,696,047	-	538,696,047
<b>2022</b>				
Cash and cash equivalents	2	499,462,379	-	499,462,379
Receivables	3	1,396,387	-	1,396,387
		500,858,766	-	500,858,766

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

- High performing - settlements are obtained from counterparty following the terms of the contracts without history of default.
- 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 and related interest receivable

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.

- (b) Market risks

- (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 Company has no significant exposure to interest rate risk on cash and cash equivalents and loans receivables from a related party, as these are subject to fixed interest rates. The loan receivable, lease receivable and short-term were fully collected in 2022 and 2023, respectively. Accordingly, the Company is not significantly exposed to cash flow and fair value interest rate risk on these financial instruments.

The Company has no hedging policy in relation to managing its interest rate.

As at December 31, 2023 and 2022, there are no outstanding loans receivables to related party.

- (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 Company's price risk exposure relates to its quoted financial asset at FVOCI where values will fluctuate as a result of changes in market prices.

Such quoted equity investment is 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, 2023	+/- 10	+/- 7,000,000
December 31, 2022	+/- 10	+/- 8,200,000

The Company determined the reasonably possible change based on 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 Company aims to maintain flexibility in funding by monitoring and ensuring that there are available funds to operate its day-to-day activities of the Company through the use of cash and cash equivalents.

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

	Note	On demand	Within 3 months	More than 12 month	Total
<b>2023</b>					
Accrued expenses and other current liabilities*	8	765,714	2,127,145	-	2,892,859
<b>2022</b>					
Accrued expenses and other current liabilities*	8	721,560	1,648,455	-	2,370,015

\*Excluding payables to government agencies and unearned interest income

## 18.2 Capital management

The primary objective of the Company'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 Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions.

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

There were no changes made in the capital management policies for the years ended December 31, 2023 and 2022.

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

	2023	2022
Total liabilities	3,961,902	3,277,319
Total equity	716,366,482	668,774,061
Debt-to-equity ratio	0.006:1	0.005:1

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 10% of their issued and outstanding shares, exclusive of any treasury shares, held by the public (Note 1). The Company has fully complied with this requirement.

## 18.3 Fair value hierarchy

Due to the short-term nature of cash and cash equivalents, receivables, accrued expenses and other current liabilities, their carrying values approximate fair values as at December 31, 2023 and 2022.

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, 2023 and 2022, the Company classifies its financial asset at FVOCI under Level 2 of the fair value hierarchy. For the years ended December 31, 2023 and 2022, 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.

The fair value of the plan assets, which are mainly composed government securities and UITFs are classified under Level 1 fair value hierarchy.

## 19 Critical accounting estimates, assumptions, and judgments

The preparation of the separate financial statements requires management to make judgments, estimates, and assumptions that affect the amounts reported in the separate financial statements and the related notes. The estimates, assumptions, and judgments used in the separate financial statements are based upon management's evaluation of the relevant facts and circumstances as at the date of the separate 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.

### 19.1 Critical accounting estimates and assumptions

#### (a) *Impairment of CWT (Note 14)*

Management believes that the Company's CWT may not be recoverable because of the expected future minimal transactions where the Company's CWT will be utilized. The amount and timing of recorded expenses for any period would therefore differ based on the judgment or estimates made.

#### (b) *Estimated useful lives of property and equipment, and intangible assets (Note 6)*

The Company's management determines the estimated useful lives and related depreciation and amortization charges for its property and equipment, and intangible assets. This estimate is based on the expected future economic benefit to the Company. 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 said assets approximate their actual economic benefits to the Company. 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 Note 6 and 7, respectively.

As the Company has a significant number of long-lived assets with varying useful lives, estimation of sensitivity of depreciation and amortization expense to possible changes in useful lives is deemed impracticable.

#### (c) *Retirement benefits (Note 10)*

The Company maintains a qualified defined benefit retirement plan. The calculations of retirement benefit costs of the Company 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 Company 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 Company 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. The sensitivity analyses for the significant actuarial assumptions are disclosed in Note 10.

## **19.2 Critical judgments in applying the Company's accounting policies**

### *(a) Impairment of other non-financial assets (Notes 5, 6 and 7)*

The Company 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, property and equipment, and intangible assets requires the determination of fair value less cost of disposal and future cash flows expected to be generated from such assets whichever is higher, 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 Company recognizes an impairment loss if such indications are present and whenever the carrying amount of an asset exceeds its recoverable amount. Any resulting additional impairment loss could have a material adverse impact on the Company's financial condition and results of operations. The Company considers each asset separately in making its judgment.

### *(b) Recognition of deferred income tax assets (Note 15)*

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 Company recognizes liabilities for tax audit issues when it is probable.

The Company'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 Company's future expectations on revenues and expenses. As at December 31, 2023 and 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.

## **20 Summary of material accounting policy information**

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

### **20.1 Basis of preparation**

The separate financial statements of the Company 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 and Sustainability Reporting Standards Council (formerly known as Financial Reporting Standards Council) and adopted by the SEC.

The Company also prepares consolidated financial statements, which include the Company and its subsidiaries, namely KPSI, GRDC, and GMRI (herein collectively referred to as the "Group") (Note 1). Users of these separate financial statements should read them together with the Group's consolidated financial statements as at December 31, 2023 and 2022 and for each of the three (3) years in the period ended December 31, 2023 in order to obtain full information on the financial position, results of operations and changes in equity of the Parent Company and its subsidiaries as a whole. The consolidated financial statements of the Group can be obtained from the SEC or from the Company's website at [www.keppelph.com](http://www.keppelph.com).

The financial statements of the Company have been prepared on historical cost basis, except for:

- financial assets at FVOCI; and
- fair value of plan assets within retirement benefits

The preparation of these separate financial statements in conformity with PFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the separate financial statements are disclosed in Note 19.

#### *Changes in accounting policies and disclosures*

##### *(a) New standards, and amendments and interpretations to existing standards effective January 1, 2023*

The following amendments to existing standards were relevant and adopted by the Company for the first time from January 1, 2023:

- Amendments to PAS1, '*Presentation of Financial Statements*', and PFRS Practice Statement 2

The amendment requires entities to disclose their material rather than their significant accounting policies. The amendments define what is 'material accounting policy information' (being information that, when considered together with other information included in an entity's financial statements, can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements) and explain how to identify when accounting policy information is material. They 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 Making Materiality Judgements was also amended to provide guidance on how to apply the concept of materiality to accounting policy disclosures.

- Amendment to PAS 8, '*Accounting Policies, Changes in Accounting Estimates and Errors*'

The amendment clarifies how companies should distinguish changes 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.

- Amendments to PAS 12, '*Income Taxes*'

The amendments require companies to recognize deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. They will typically apply to transactions such as leases of lessees and decommissioning obligations and will require the recognition of additional deferred tax assets and liabilities.

The amendment should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, entities should recognize deferred tax assets (to the extent that it is probable that they can be utilized) and deferred 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 recognized as part of the cost of the related assets.

The adoption of the amendments of PAS 1 was considered by management in the December 31, 2023 consolidated financial statements by disclosing material accounting policy information rather than significant account policies. All other amendments to existing standards are not expected to have a material impact on the consolidated financial statements of the Company.

There are no other new standards, interpretations and amendments to existing standards effective January 1, 2023 that are considered to be relevant or have a material impact on the Company's financial statements.

*(b) New standards, and amendments and interpretations to existing standards issued but not yet effective as at December 31, 2023*

Certain new standards, and amendments and interpretations to existing standards have been published that are not mandatory for December 31, 2023 reporting periods and have not been early adopted by the Company. None of these are expected to be relevant and have an effect on the financial reporting of the Company, while the most relevant ones are set out as follows:

- Amendments to PAS 1, 'Presentation of Financial Statements'

Amendments made to PAS 1 Presentation of Financial Statements in 2020 and 2022 clarified that liabilities are classified as either current or noncurrent, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the entity's expectations or events after the reporting date (e.g. the receipt of a waiver or a breach of covenant).

Covenants of loan arrangements will not affect classification of a liability as current or non-current at the reporting date if the entity must only comply with the covenants after the reporting date. However, if the entity must comply with a covenant either before or at the reporting date, this will affect the classification as current or non-current even if the covenant is only tested for compliance after the reporting date.

The amendments require disclosures if an entity classifies a liability as noncurrent and that liability is subject to covenants that the entity must comply with within 12 months of the reporting date. The disclosures include:

- the carrying amount of the liability
- information about the covenants, and
- facts and circumstances, if any, that indicate that the entity may have difficulty complying with the covenants.

The amendments also clarify what PAS 1 means when it refers to the 'settlement' of a liability. Terms of a liability that could, at the option of the counterparty, result in its settlement by the transfer of the entity's own equity instrument can only be ignored for the purpose of classifying the liability as current or non-current if the entity classifies the option as an equity instrument. However, conversion options that are classified as a liability must be considered when determining the current/non-current classification of a convertible note.

The amendments must be applied retrospectively in accordance with the normal requirements in PAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors'. Special transitional rules apply if an entity had early adopted the 2020 amendments regarding the classification of liabilities as current or non-current.

The amendments are effective for annual reporting periods beginning on or after January 1, 2024, and must be applied retrospectively. The Company does not expect the amendment to have a significant impact to the Company's separate financial statements.

## **20.2 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 20.3.

## **20.3 Financial instruments**

The Company recognizes a financial instrument in the statements of financial position, when and only when, the Company becomes a party to the contractual provisions of the instrument.

### **(a) Financial assets**

#### **(i) Classification**

The Company 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 investments in equity instruments that are not held for trading, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at FVOCI. The Company reclassifies debt investments when and only when its business model for managing those assets changes.

The Company has financial assets at FVOCI and at amortized cost as at December 31, 2023 and 2022. Financial assets at amortized cost include cash and cash equivalents and receivables. Financial assets at FVOCI include equity instruments.

As at December 31, 2023 and 2022 the Company does not hold financial assets at FVTPL.

#### **(ii) Measurement**

Subsequent to initial recognition, measurement depends on the Company'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 statements of total comprehensive income using the effective interest rate method. Impairment losses are presented as separate line item in profit or loss when material.

The Company subsequently measures all equity investments at fair value. Where the Company's management has elected to present fair value gains or losses on investments in other comprehensive income, there is no subsequent reclassification of fair value gains or 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 Company's right to receive payments is established.



### (iii) Impairment

The Company 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 Company 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 Company to actions such as realizing security (if any is held).

At each reporting date, the Company 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 statements of total comprehensive income. When an asset remains uncollectible after the Company 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 statements of total comprehensive income.

### (b) Financial liabilities

#### (i) Classification

The Company 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 Company only has financial liabilities at amortized cost which accrued expenses and other current liabilities (excluding payables to government agencies) as at December 31, 2023 and 2022.

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 Company 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) Measurement

Financial liabilities are initially recognized at fair value of the consideration received plus directly attributable transaction costs.

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.

### **20.4 Other current assets**

CWT is recognized as asset in the period such excess income tax payments become available as tax credits to the Company and carried over to the extent that it is probable that the benefit will flow to the Company. 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.

These are classified as current when it is expected to be realized within 12 months after reporting date.

### **20.5 Investments in subsidiaries**

Subsidiaries are all entities (including structured entities) over which the Company has control. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The Company's investments in subsidiaries are carried at cost less impairment in value, if any. Under this method, the Company recognizes dividend income from investments in profit or loss when its right to receive dividends has been established. The investments in subsidiaries are accounted for at cost due to the following:

- The Company's debt or equity instruments are not traded in a public market;
- The Company did not file, nor is it in the process of filing, its separate financial statements with a securities commission or other regulatory organization, for the purpose of issuing any class of instruments in a public market; and
- The Company produces consolidated financial statements available for public use that comply with the PFRS.

Investment in a subsidiary is derecognized upon disposal or loss of control. When an investment is sold or otherwise disposed of, the cost and the related accumulated loss, if any, are removed from the accounts and any resulting gain or loss is generally reflected in profit or loss.

The Company determines at each reporting date whether there is any objective evidence that investments in subsidiaries are impaired (Note 20.8).

### **20.6 Property and equipment, net**

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.

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 these are no longer in use or are retired.

The Company determines at each reporting date whether there is any objective evidence that property and equipment are impaired (Note 20.8).

## 20.7 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 Company 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 Company determines at each reporting date whether there is any objective evidence that intangible are impaired (Note 20.8).

## 20.8 Impairment of non-financial assets

The Company assesses at the reporting date whether there is an indication that its non-financial assets comprise of CWT, input VAT, investment properties, property and equipment, and intangible assets may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company 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 statements of total comprehensive 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 statements of total comprehensive 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.

## **20.9 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 Company during the reporting period, the Company 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.

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

### **(b) Retirement benefits**

The Company 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 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 Company before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Company recognizes termination benefits at the earlier of the following dates: (a) when the Company 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.

### **20.10 Income taxes**

Current income tax charges are 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 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 Company 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 derecognized when related bases are realized/settled or when it is no longer realizable/due.

### **20.11 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.

### **20.12 Earnings per share**

#### (a) *Basic*

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

(b) *Diluted*

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

### **20.13 Operating segments**

The Company'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.

### **20.14 Revenues and income**

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

The Company assesses its revenue arrangements against specific criteria in order to determine if it is acting as a principal or as an agent. The Company 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 also be met before recognition:

(a) *Management fees and payroll service fees*

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

(b) *Interest income*

Interest income is recognized on a time-proportion basis using the effective interest method (Note 20.2).

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

(c) *Dividend income*

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

### **20.15 Fair value measurement**

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 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, 2023 and 2022, 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 Company has no other assets and liabilities that are measured or disclosed at fair value.

## 20.16 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.

## 21 Supplementary information required by the Bureau of Internal Revenue (BIR)

The following supplementary information required by Revenue Regulation No. 15-2010 is presented for purposes of filing with the BIR and is not required part of the basic separate financial statements.

### (a) Output VAT

Net sales/receipts and output VAT declared for the year ended December 31, 2023 are as follows:

	Gross amount of revenue	Output VAT
Sales of services		
Subject to 12% VAT	2,196,000	263,520
Zero-rated	-	-
	2,196,000	263,520

Sales subject to VAT are based on gross receipts, less actual discounts, if any, while revenues in the statement of total comprehensive income.

### (b) Input VAT

Movements in input VAT for the year ended December 31, 2023 are as follows:

	Amount
January 1, 2023	-
Additions from current year transactions:	
Purchases of capital goods not exceeding P1,000,000	-
Domestic purchases of goods other than capital goods	13,158
Domestic purchase of services	228,342
Services rendered by non-residents	-
Input VAT applied to output VAT and other adjustments	(241,500)
December 31, 2023	-

Input VAT is recorded within other current assets in the statement of financial position as at December 31, 2023.

(c) Importations

The Company had no importations for the year ended December 31, 2023.

(d) Excise tax and documentary stamp tax

The Company had no transactions subject to excise tax and documentary stamp tax for the year ended December 31, 2023.

(e) *All other local and national taxes*

All other local and national taxes paid for the year ended December 31, 2023 consist of:

	Amount
PSE annual listing fees	250,000
Business tax	77,196
Real property tax	34,162
Community tax	19,452
BIR annual registration	500
Others	564
	381,874

The above local and national taxes are recognized as part of taxes and licenses account under operating expenses in the statement of total comprehensive income.

(f) Withholding taxes

Withholding taxes paid and accrued and/or withheld for the year ended December 31, 2023 consist of:

	Paid	Accrued	Total
Withholding taxes on compensation and benefits	510,983	43,210	564,193
Expanded withholding taxes	200,966	29,158	230,124
Final withholding taxes	354,476	-	354,476
Fringe benefit tax	-	111,915	111,915
	1,066,425	184,283	1,250,708

(g) Tax assessments and cases

The Company had no outstanding tax assessments with the BIR. However, the Company received Letters of Authority from the BIR for the years 2022 and 2021, dated December 4, 2023 and August 20, 2023, respectively. The Company submitted all the preliminary requirements.

As at December 31, 2023, the Company has not received any preliminary result of their examination.



**Keppel Philippines Holdings, Inc.**

Reconciliation of Retained Earnings Available for Dividend Declaration  
As at December 31, 2023  
(All amounts in Philippine Peso)

<b>Unappropriated Retained Earnings, beginning of the year/period</b>		<b>469,526,164</b>
Add: Category A: Items that are directly credited to Unappropriated retained earnings		
Reversal of Retained earnings appropriation/s	-	
Effect of restatements or prior-period adjustments	-	
Others (describe nature)	-	-
Less: Category B: Items that are directly debited to Unappropriated retained earnings		
Dividend declaration during the reporting period	5,723,302	
Retained earnings appropriated during the reporting period	-	
Effect of restatements or prior-period adjustments	-	
Others (describe nature)	-	5,723,302
<b>Unappropriated Retained Earnings, as adjusted</b>		<b>463,802,862</b>
Add/Less: Net Income (loss) for the current year/period		42,776,058
Less: Category C.1: Unrealized income recognized in the profit or loss during the year/period (net of tax)		
Equity in net income of associate/joint venture, net of dividends declared	-	
Unrealized foreign exchange gain, except those attributable to cash and cash equivalents	-	
Unrealized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	-	
Unrealized fair value gain of investment property	-	
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS (describe nature)	-	-

(continued)

**Keppel Philippines Holdings, Inc.**

Reconciliation of Retained Earnings Available for Dividend Declaration  
For the year ended December 31, 2023  
(All amounts in Philippine Peso)

<b>Add: Category C.2: Unrealized income recognized in the profit or loss in prior reporting periods but realized in the current reporting period (net of tax)</b>	-	
Realized foreign exchange gain, except those attributable to Cash and cash equivalents	-	
Realized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	-	
Realized fair value gain of Investment property	-	
Other realized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS (describe nature)	-	-
<b>Add: Category C.3: Unrealized income recognized in profit or loss in prior periods but reversed in the current reporting period (net of tax)</b>	-	
Reversal of previously recorded foreign exchange gain, except those attributable to cash and cash equivalents	-	
Reversal of previously recorded fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	-	
Reversal of previously recorded fair value gain of investment property	-	
Reversal of other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS, previously recorded (describe nature)	-	-
<b>Adjusted net income/loss</b>		<b>42,776,058</b>
Add: Category D: Non-actual losses recognized in profit or loss during the reporting period (net of tax)		
Depreciation on revaluation increment (after tax)		-
<b>Add/Less: Category E: Adjustments related to relief granted by the SEC and BSP</b>		
Amortization of the effect of reporting relief	-	
Total amount of reporting relief granted during the year	-	
Others (describe nature)	-	-

(continued)

**Keppel Philippines Holdings, Inc.**

Reconciliation of Retained Earnings Available for Dividend Declaration  
For the year ended December 31, 2023  
(All amounts in Philippine Peso)

<b>Add/Less: Category F: Other items that should be excluded from the determination of the amount of available for dividends distribution</b>		
Net movement of treasury shares (except for reacquisition of redeemable shares)	-	
Net movement of deferred tax asset not considered in the reconciling items under the previous categories	-	
Net movement in deferred tax asset and deferred tax liabilities related to same transaction, e.g., set up of right of use of asset and lease liability, set-up of asset and asset retirement obligation, and set-up of service concession asset and concession payable	-	
Adjustment due to deviation from PFRS/GAAP - gain (loss)	-	
Others (describe nature)	-	-
<b>Total Retained Earnings, end of the year/period available for dividend declaration</b>		<b>506,578,920</b>

COVER SHEET

6 2 5 9 6

S.E.C Registration Number

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

(Company's Full Name)

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

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

Alan I. Claveria/  
Felicidad V. Razon

Contact Person

8892 1816

Company Telephone Number

1 2  
Month

3 1  
Day

SEC Form 17Q-March 2024

FORM TYPE

0 6  
Month

1 6  
Day

Annual Meeting

Secondary License Type, if Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

411 as of April 2024

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

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

1. For the quarterly period ended 31 March 2024
2. Commission identification number 62596
3. BIR Tax Identification No. 000-163-715-000
4. Exact name of issuer as specified in its charter  
KEPPEL PHILIPPINES HOLDINGS, INC.
5. Province, country or other jurisdiction of incorporation or organization  
Philippines
6. Industry Classification Code:  (SEC Use Only)
7. Address of issuer's principal office Postal Code  
Unit 3B, Country Space I Bldg., Sen. Gil Puyat Avenue 1200  
Salcedo Village, Barangay Bel-Air, Makati City
8. Issuer's telephone number, including area code  
(632) 8892-18-16
9. Former name, former address and former fiscal year, if changed since last report  
N.A.
10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA:
- |                     | <b>As of April 30, 2024</b>                              |
|---------------------|--|
| Title of each Class | Number of shares of common stock outstanding             |
| <b>Common 'A'</b>   | <b>35,756,070</b>  |
| <b>Common 'B'</b>   | <b>21,476,949</b>  |
| <b>Total</b>        | <b>57,233,019 (Net of Treasury Shares of 15,940,481)</b> |
11. Are any or all of the securities listed on the Philippine Stock Exchange?  
Yes [ / ] No [ ]  
If yes, state the name of such Stock Exchange and the class/es of securities listed therein:  
Philippine Stock Exchange Common Shares
12. Indicate by check mark whether the registrant:
- (a) has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder or Sections 11 of the RSA and RSA Rule 11 (a)-1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines, during the preceding twelve (12) months (or for such shorter period the registrant was required to file such reports)  
Yes [ / ] No [ ]
- (b) has been subject to such filing requirements for the past ninety (90) days.  
Yes [ / ] No [ ]

**DOCUMENTS INCORPORATED BY REFERENCE**

**PART I  
FINANCIAL INFORMATION**

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

**PART II  
OTHER INFORMATION**

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

**NONE**

# **EXHIBIT I**

## **MARCH 2024 QUARTERLY REPORT**

**KEPPEL PHILIPPINES HOLDINGS, INC. AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
AS AT MARCH 31, 2024 & DECEMBER 31, 2023**

**(IN PHILIPPINE PESOS)**

<b>A S S E T S</b>	<b>Unaudited March 31 2024</b>	<b>Audited December 31 2023</b>
<b>Current assets</b>		
Cash and cash equivalents (Notes 6 and 21)	2,182,905,495	575,523,245
Receivables – net (Notes 7, 15 and 21)	6,583,971	3,832,366
Other current assets - net (Note 8)	812,135	773,812
Total current assets	2,190,301,601	580,129,423
<b>Non-current assets</b>		
Lease receivables – net of current portion (Notes 7,15 and 21)	-	25,988,981
Financial assets at fair value through other comprehensive income (FVOCI) (Note 9)	80,000,000	70,000,000
Investment in an associate (Note 10)	418,472,437	417,612,030
Investment properties – net (Note 11)	2,979,782	205,288,439
Property and equipment - net (Note 12)	535,603	501,338
Intangible assets, net (Note 13)	1,687,426	1,850,725
Total non-current assets	503,675,248	721,241,513
<b>Total assets</b>	<b>2,693,976,849</b>	<b>1,301,370,936</b>
<b><u>LIABILITIES AND EQUITY</u></b>		
<b>Current liabilities</b>		
Accrued expenses and other current liabilities (Note 14)	206,755,554	3,101,837
Income tax payable	240,669,638	41,131
Advance rentals and deposits (Note 11)	267,589	405,589
Total current liabilities	447,692,781	3,548,557
<b>Noncurrent liabilities</b>		
Retirement liability (Note 16)	942,483	837,483
Advance rental and deposits – net of current portion (Note 11)	628,796	628,796
Deferred tax liability	-	1,353,544
Total noncurrent liabilities	1,571,279	2,819,823
Total liabilities	449,264,060	6,368,380
<b>Equity</b>		
Share capital (Note 17)	73,173,500	73,173,500
Share premium	73,203,734	73,203,734
Treasury shares (Note 18)	(26,004,530)	(26,004,530)
Investment revaluation reserve (Note 9)	79,422,057	69,422,057
Remeasurements on retirement benefits (Note 16)	1,349,030	1,349,030
Retained earnings (Note 18)	1,258,743,704	773,457,128
Attributable to equity holders of the Parent	1,459,887,495	964,600,919
Non-controlling interests	784,825,294	330,401,637
Total equity	2,244,712,789	1,295,002,556
<b>Total liabilities and equity</b>	<b>2,693,976,849</b>	<b>1,301,370,936</b>

*See accompanying Notes to Consolidated Financial Statements*



**KEPPEL PHILIPPINES HOLDINGS, INC. AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF INCOME  
FOR THE PERIODS ENDED MARCH 31, 2024 AND 2023  
(IN PHILIPPINE PESOS)  
(UNAUDITED)**

	<b>March 31 2024</b>	<b>March 31 2023</b>
<b>Revenues and income</b>		
Gain on sale of investment property	1,272,083,759	-
Interest income (Notes 6 and 7)	14,555,832	7,239,875
Rental income (Notes 11,15 and 20)	2,750,505	3,194,604
Equity in net earnings of associates (Note 10)	860,407	994,667
Management & accounting service fees (Note 15)	354,000	354,000
Others	200,914	55,913
<b>Total revenues and income</b>	<b>1,290,805,417</b>	<b>11,839,059</b>
Operating expenses (Note 19)	(4,654,193)	(5,615,466)
<b>Income before income tax</b>	<b>1,286,151,224</b>	<b>6,223,593</b>
Income tax expense	(320,233,663)	(1,575,249)
<b>Net income for the period</b>	<b>965,917,561</b>	<b>4,648,344</b>
<b>Attributable to:</b>		
Equity holders of the parent	498,402,413	3,068,278
Non-controlling interests	467,515,148	1,580,066
	<b>965,917,561</b>	<b>4,648,344</b>
<b>Earnings per share attributable to equity holders of the parent</b>		
	<b>P8.708</b>	<b>P0.054</b>
<i>Equity holders of the parent divided by</i>		
<i>Number of shares outstanding as of end of the period</i>	<i>P498,402,413/57,233,419</i>	<i>P3,068,278/57,233,419</i>

*See accompanying Notes to Consolidated Financial Statements*

**KEPPEL PHILIPPINES HOLDINGS, INC. AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF TOTAL COMPREHENSIVE INCOME  
FOR THE PERIODS ENDED MARCH 31, 2024 AND 2023  
(IN PHILIPPINE PESOS)  
(UNAUDITED)**

	<b>March 31 2024</b>	<b>March 31 2023</b>
<b>Net income for the period</b>	<b>965,917,561</b>	<b>4,648,344</b>
<b>Other comprehensive income</b>		
Item that will not be reclassified to profit and loss:		
Unrealized fair value gain on financial assets at fair value through other comprehensive income (Note 9)	<b>10,000,000</b>	-
<b>Total comprehensive income for the period</b>	<b>975,917,561</b>	<b>4,648,344</b>
<b>Attributable to:</b>		
Equity holders of the parent	<b>508,402,413</b>	<b>3,068,278</b>
Non-controlling interest	<b>467,515,148</b>	<b>1,580,066</b>
	<b>975,917,561</b>	<b>4,648,344</b>

*See accompanying Notes to Consolidated Financial Statements*

**KEPPEL PHILIPPINES HOLDINGS, INC. AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE PERIODS ENDED MARCH 31, 2024 AND 2023  
(UNAUDITED)  
IN PHILIPPINE PESOS**

	Attributable to equity holders of the Parent						Total	Non-controlling interests (Note 2)	Total equity
	Share capital (Note 17)	Share premium	Treasury shares (Note 18)	Investment revaluation reserve (Note 9)	Remeasurements on retirement benefit asset (Note 16)	Retained earnings (Note 18)			
Balance as of January 1, 2024	73,173,500	73,203,734	(26,004,530)	69,422,057	1,349,030	773,457,128	964,600,919	330,401,637	1,295,002,556
Comprehensive income									
Net income for the period	-	-	-	-	-	498,402,413	498,402,413	467,515,148	965,917,561
Effect of change in accounting for leases	-	-	-	-	-	(13,115,837)	(13,115,837)	(12,601,491)	(25,717,328)
Other comprehensive income				10,000,000	-	-	10,000,000	-	10,000,000
<b>Total comprehensive income</b>	-	-	-	10,000,000	-	485,286,576	495,286,576	454,913,657	950,200,233
Transaction with the owners									
Purchase of treasury shares	-	-	-	-	-	-	-	-	-
Cash dividend declared	-	-	-	-	-	-	-	(490,000)	(490,000)
<b>Balance as of March 31, 2024</b>	<b>73,173,500</b>	<b>73,203,734</b>	<b>(26,004,530)</b>	<b>79,422,057</b>	<b>1,349,030</b>	<b>1,258,743,704</b>	<b>1,459,887,495</b>	<b>784,825,294</b>	<b>2,244,712,789</b>
Balance as of January 1, 2023	73,173,500	73,203,734	(26,004,530)	57,422,057	2,809,365	761,412,125	942,016,251	355,214,728	1,297,230,979
Comprehensive income									
Net income for the period	-	-	-	-	-	3,068,278	3,068,278	1,580,066	4,648,344
Other comprehensive income	-	-	-	-	-	-	-	-	-
<b>Total comprehensive income</b>	-	-	-	-	-	3,068,278	3,068,278	1,580,066	4,648,344
Transaction with the owners									
Purchase of treasury shares	-	-	-	-	-	-	-	-	-
Cash dividend declared	-	-	-	-	-	-	-	-	-
<b>Balance as of March 31, 2023</b>	<b>73,173,500</b>	<b>73,203,734</b>	<b>(26,004,530)</b>	<b>57,422,057</b>	<b>2,809,365</b>	<b>764,480,403</b>	<b>945,084,529</b>	<b>356,794,794</b>	<b>1,301,879,323</b>

*See accompanying Notes to Consolidated Financial Statements*

**KEPPEL PHILIPPINES HOLDINGS, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE PERIODS ENDED MARCH 31, 2024 AND 2023**  
**(IN PHILIPPINE PESOS)**  
**(UNAUDITED)**

	March 31 2024	March 31 2023
<b>Cash flows from operating activities</b>		
Income before income tax expense	1,286,151,224	6,223,593
Adjustments for:		
Retirement benefit expense	105,000	350,000
Depreciation and amortization (Notes 11, 12, 13 and 19)	191,088	200,419
Equity in net earnings of associates (Note 10)	(860,407)	(994,667)
Provision for (reversal of) impairment losses – net (Note 8)	(1,220,344)	(267,366)
Interest income (Notes 6, 7 and 15)	(14,555,832)	(7,239,875)
Gain on sale of investment property (Note 11)	(1,272,083,759)	-
Operating loss before changes in assets and liabilities	(2,273,030)	(1,727,896)
Changes in operating assets and liabilities		
Decrease (increase) in:		
Receivables (Notes 7, 15, and 21)	(462,868)	(1,577,455)
Other current assets (Note 8)	1,182,021	(2,955,415)
Increase (decrease) in		
Accrued expenses and other current liabilities	203,653,716	(741,876)
Advance rentals and deposits	(138,000)	37,407
Net cash provided (absorbed) by operations	201,961,839	(6,965,235)
Interest received from cash and cash equivalent	11,185,206	7,081,212
Income tax paid	(79,605,158)	(1,460,157)
Net cash from (used in) operating activities	133,541,887	(1,344,180)
<b>Cash flows from investing activities</b>		
Proceeds from sale of investment property	1,474,392,416	-
Purchased of property and equipment	(62,053)	-
Net cash provided by investing activities	1,474,330,363	-
<b>Cash flows from financing activities</b>		
Cash dividend declared and paid	(490,000)	-
Net cash used in financing activities	(490,000)	-
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>1,607,382,250</b>	<b>(1,344,180)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>575,523,245</b>	<b>583,003,831</b>
<b>Cash and cash equivalents at the end of the period (Note 6)</b>	<b>2,182,905,495</b>	<b>581,659,651</b>

*See accompanying Notes to Consolidated Financial Statements*

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

**1. General Information**

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

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

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

As of March 31, 2024 and December 31, 2023, the shareholders are the following:

	Percentage of Ownership
Kepwealth, Inc.	53.4%
Keppel Limited (KL)	29.5%
Public	17.1%

As at March 31, 2024 and December 31, 2023, the following are the Parent Company’s subsidiaries are as follows:

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

GRDC is 44% owned by Keppel Philippines Marine, Inc. Retirement Plan (KPMIRP) and 5% by Seatrium Philippines Marine, Inc. (SPMI) formerly known as Keppel Philippines Marine, Inc. (KPMI). GRDC owns 93.8% of GMRI, thus, including the 3.2% separate interest in GMRI, the Parent Company has 51% effective ownership on GMRI.

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

The ultimate parent company of the Group is KCL, a company incorporated in Singapore and listed in Singapore Exchange. Effective January 1, 2024, KCL changed its company name to Keppel Limited (KL).

The Parent Company has five (5) and four (4) regular employees as at March 31, 2024 and December 31, 2023. The administrative functions of the subsidiaries are handled by the Parent Company’s management.

In both periods as of March 31, 2024 and December 31, 2023, the Parent Company has 237 shareholders each owning at least 100 shares.

**2. Basis of Preparation and Statement of Compliance**

**Basis of Preparation**

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

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

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

#### Basis of Consolidation

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

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

#### *Assessment of Control*

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

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

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

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

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

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

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

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

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

As of March 31, 2024 and December 31, 2023, NCI pertains to 44% and 5% ownership in GRDC of KPMIRP and SPMI, respectively.

The financial information (before the intercompany eliminations) of GRDC and its wholly owned subsidiary, GMRI, and NCI (after intercompany eliminations) as at March 31, 2024 and for the year ended December 31, 2023 are as follows:

	March 31, 2024 (Unaudited)			December 31, 2023 (Audited)		
	GRDC	GMRI	Total	GRDC	GMRI	Total
Current assets	181,509	1,628,764,233	1,628,945,742	1,137,832	22,396,926	25,534,758
Noncurrent assets	3,240,961	338,284,684	341,525,645	3,242,043	566,648,891	569,890,934
<b>Total assets</b>	<b>3,422,470</b>	<b>1,967,048,917</b>	<b>1,970,471,387</b>	<b>4,379,875</b>	<b>589,045,817</b>	<b>593,425,692</b>
Current liabilities	134,699	452,620,041	452,754,740	122,674	767,638	890,312
Noncurrent liabilities	-	-	-	-	1,353,544	1,353,544
<b>Total liabilities</b>	<b>134,699</b>	<b>452,620,041</b>	<b>452,754,740</b>	<b>122,674</b>	<b>2,121,182</b>	<b>2,243,856</b>
Revenue and income	78,167	1,273,107,825	1,273,185,992	1,201,423	18,195,341	19,396,764
Income before income tax	37,862	1,270,535,952	1,270,573,814	1,056,397	13,819,489	14,675,886
Net income and total comprehensive income	30,570	953,221,570	953,252,140	1,022,633	12,669,658	13,692,291
Cash flows from:						
Operating activities	17,959	135,832,926	135,850,885	175,953	8,931,877	9,107,830
Investing activities	-	1,466,892,416	1,466,892,416	888,975	5,239,859	6,128,834
Financing activities	(1,000,000)	-	(1,000,000)	(700,000)	(60,000,000)	(60,700,000)
Net increase (decrease) in cash and cash equivalents	(982,041)	1,602,725,342	1,601,743,301	364,928	(45,828,264)	34,554,437
Accumulated balance of material NCI	1,030,211	783,795,084	784,825,295	1,505,231	328,896,406	330,401,637
Net income and total comprehensive income attributable to material NCI	14,979	467,500,169	467,515,148	65,492	4,428,842	4,494,334

Accumulated balance of material NCI, and net income and total comprehensive income attributable to material NCI as at March 31, 2023 are P356.8 million and P1.6 million, respectively. There are no significant restrictions on the Group's ability to use assets or settle liabilities within the Group. There is no difference on the voting rights of non-controlling interests as compared to majority stockholders.

### 3. Summary of Changes in Significant Accounting Policies and Disclosures

There are no new standards, amendments to existing standards, and interpretations that are effective for the annual periods as at January 1, 2024, which would have a significant impact or are considered relevant to the Group's consolidated financial statements

### 4. Significant Accounting Policies

The Group's disclosures on significant accounting principles and policies and practices are substantially the same as the disclosures made on December 31, 2023 audited financial statements and for the period ended March 31, 2024. Any additional disclosures on the significant changes of accounts and subsequent events are disclosed in the succeeding notes and presented in the Management Discussion and Analysis.

### 5. Significant Accounting Judgment, Estimates and Assumptions

The Group's unaudited consolidated financial statements prepared under PFRS require management to make judgments and estimates that affect amounts reported in the consolidated financial statements and related notes. Future events may occur which will cause the judgment and assumptions used in arriving at the estimates to change. The effects of any change in judgments and estimates are reflected in the consolidated financial statements as they become reasonably determinable.

Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

As of March 31, 2024, there were no judgment, seasonal or cyclical aspects that materially affect the operation of the Group, no substantial nature and amount of changes in estimates of amounts reported in prior interim periods of the current financial year or changes in the estimates of amounts reported in December 31, 2023 audited financial statements, and no unusual items that materially affect the Group's assets, liabilities, equity, net income or cash flows.

## 6. Cash and Cash Equivalents

This account consists of:

	<b>Unaudited March 31 2024</b>	<b>Audited December 31 2023</b>
Cash in banks	8,757,040	5,833,594
Cash equivalents	2,174,148,455	569,689,651
	<b>2,182,905,495</b>	<b>575,523,245</b>

Cash in banks earn interest at the prevailing bank deposit rates. Cash equivalents are short-term investments which are placed in financial institutions for varying periods of up to six (6) months depending on the immediate cash requirements of the Group and earned interest at annual interest that ranged from 5.75% to 6.0% during the first quarter of 2024 and 5% to 5.75% in 2023.

Interest income earned from cash and cash equivalents amounted to P14.6 million for the period ended March 31, 2024 compared to P7.2 million during the same period last year. Accrued interest receivable from cash and cash equivalents amounted to P6.1 million on March 31, 2024 compared to P2.8 million as of December 31, 2023.

## 7. Receivables - Net

This account consists of:

	<b>Unaudited March 31 2024</b>	<b>Audited December 31 2023</b>
Interest receivable (Note 6)	6,121,103	2,750,475
Non-trade receivables	266,560	-
Lease receivables (Note 15)	126,637	27,070,872
Others - sundry	69,671	-
	<b>6,583,971</b>	<b>29,821,347</b>
Less non-current portion of lease receivables (Note 15)	-	(25,988,981)
	<b>6,583,971</b>	<b>3,832,366</b>

There is no allowance for impairment related to lease receivables from third parties, non-trade and other receivables as of March 31, 2024 and December 31, 2023.

The current portion of lease receivables and due from related parties are non-interest bearing and are generally 30 to 60-day terms. The noncurrent portion of lease receivables pertains to the difference between straight line method and contractual annual rents. These amounts are expected to reverse more than one (1) year from the financial reporting date. As of March 31, 2024, the non-current lease receivables were terminated due to the sale of the land area which is subject to the long-term lease last March 7, 2024. (Note 11)

Interest receivable represents the Group's accrued interest on cash and cash equivalents.

Other receivables are due from advances to sundry debtors and are generally 30 to 60-day terms.

## 8. Other Current Assets – Net

This account consists of:

	<b>Unaudited March 31 2024</b>	<b>Audited December 31 2023</b>
Creditable withholding taxes (CWT)	2,087,968	3,618,534
Prepaid expenses	406,548	22,131
Deposits	192,340	192,340
Advances to employees	69,919	81,551
Others	30,107	54,348
	<b>2,786,882</b>	<b>3,968,904</b>
Less allowance for impairment loss	<b>(1,974,747)</b>	<b>(3,195,082)</b>
	<b>812,135</b>	<b>773,812</b>



Movements in the provision for impairment related to Input VAT and CWT as follows:

<b>Unaudited March 31, 2024</b>	<b>Input VAT</b>	<b>CWT</b>	<b>Total</b>
Balance at the beginning of the period	-	3,195,092	3,195,092
Provision for the period	-	-	-
Recovery of provision	-	(1,220,345)	(1,220,345)
Net provision (recovery)	-	(1,220,345)	(1,220,345)
Balance at the end of the period	-	1,974,747	1,974,747

<b>Audited December 31, 2023</b>	<b>Input VAT</b>	<b>CWT</b>	<b>Total</b>
Balance at the beginning of the period	592,356	3,021,953	3,614,309
Provision for the year	-	173,139	173,139
Recovery of provision	(592,356)	-	(592,356)
Net provision (recovery)	(592,356)	173,139	(419,217)
Balance at the end of the period	-	3,195,092	3,195,092

## 9. Financial Assets through Other Comprehensive Income

Details and movement of financial asset at FVOCI as at and for the end of the period:

	<b>Unaudited March 31 2024</b>	<b>Audited December 31 2023</b>
Original cost	316,004	316,004
Accumulated revaluation		
Beginning	69,683,996	57,683,996
Unrealized fair value gain	10,000,000	12,000,000
End	79,683,996	69,683,996
Balance at the end of the period	80,000,000	70,000,000

The movement of investment revaluation reserve for the period is as follows:

	<b>Unaudited March 31 2024</b>	<b>Audited December 31 2023</b>
Balance at the beginning of the period	69,422,057	57,422,057
Unrealized fair value gain	10,000,000	12,000,000
Other adjustments	261,939	261,939
Balance at the end of the period	79,683,996	69,683,996

This account pertains to proprietary golf club share that provides the Group with opportunities for return of capital gains. This share does not have fixed maturity or coupon rate and the movement is based on quoted market prices or executable dealer quotes for identical or similar instruments in inactive markets.

## 10. Investment in Associates – at Equity

This account consists of:

	<b>Unaudited March 31 2024</b>	<b>Audited December 31 2023</b>
Investment in associate - CLI	337,596,800	337,596,800
Accumulated share in net income:		
Balance at beginning of the period	80,015,230	83,646,432
Equity in net earnings of associate	860,407	1,608,657
Cash dividend received	-	(5,239,859)
Balance at end of the period	80,875,637	80,015,230
	<b>418,472,437</b>	<b>417,612,030</b>

This account consists of GMRI's 25% investment or 17,466,196 shares out of 70,000,000 shares in CLI, a company incorporated in the Philippines. CLI is involved in property leasing and power distribution located at Cabangaan Point, Cawag, Subic, Zambales.

CLI's financial information for the periods ended March 31, 2024 and December 31, 2023 follows:

	<b>Unaudited March 31 2024</b>	Audited December 31 2023
Current assets	<b>69,834,677</b>	57,630,016
Noncurrent assets	<b>258,361,981</b>	261,295,261
Current liabilities	<b>26,525,314</b>	20,695,558
Non-current liabilities	<b>2,062,518</b>	2,062,518
Net assets	<b>299,608,826</b>	296,167,201
Revenue	<b>43,670,368</b>	184,747,215
Income before income tax	<b>4,745,406</b>	8,141,073
Net income and total comprehensive income	<b>3,441,628</b>	6,434,629

The Group share in the net assets of CLI amounted to P74.9 million as at March 31, 2024 (December 31, 2023 –P74.0 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 P2.7 billion as at December 31, 2023 (2022 – P2.6 billion) based on the latest valuation report of an independent appraiser.

In March 2024, CLI sold to a non-related third party its 600 sqm land situated at Alta Vista at Matain, Subic, Zambales for P6.6 million with book value of P2.3 million.

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

There are no significant restrictions on the ability of the associate to transfer funds to the Group in the form of cash dividends or to repay any loans and advances made by the Group. There are no contingent liabilities relating to the Group's investment in associate.

Based on the results of management's assessment, the Group believes that there was no objective evidence of impairment of the investment in associate as at March 31, 2024 and December 31, 2023.

## 11. Investment Properties - Net

This account consists of:

<b>Unaudited March 31, 2024</b>			
	<b>Land</b>	<b>Condominium Units</b>	<b>Total</b>
Cost	<b>205,288,439</b>	<b>3,689,178</b>	<b>208,977,617</b>
Disposal	<b>(202,308,657)</b>	-	<b>(202,308,657)</b>
Accumulated depreciation	-	<b>(3,689,178)</b>	<b>(3,689,178)</b>
Net book values	<b>2,979,782</b>	-	<b>2,979,782</b>
<b>Audited December 31, 2023</b>			
	<b>Land</b>	<b>Condominium Units</b>	<b>Total</b>
Cost	<b>205,288,439</b>	<b>3,689,178</b>	<b>208,977,617</b>
Accumulated depreciation	-	<b>(3,689,178)</b>	<b>(3,689,178)</b>
Net book values	<b>205,288,439</b>	-	<b>205,288,439</b>

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

The Board of Directors of the Corporation in its meeting held on March 7, 2024, approved the sale by its 51% - owned subsidiary, Goodsoil Marine Realty, Inc., of its land with a total area of approximately 24.9 hectares located in Barangays. San Miguel and San Roque, Bauan, Batangas to a non-related third party for P1.5 billion. The sale comes after a strategic review of investments and the opportunity to sell the land at valuation. The sale transaction was negotiated between a willing buyer and a willing seller and on an "as-is, where-is" basis. Net gain realized after cost of land, commission, and real property tax amounted to P1.3 billion.

Based on an appraisal made by an independent appraiser, the investment properties have an aggregate fair value of P1.4 billion as at December 31, 2023. After the sale of the land the aggregate fair value of the

investment properties is now at P31.5 million. The market approach was used in determining the fair value which considers the sales of similar or substitute properties and related market data and establishes a value estimate by processes involving comparison. The management believes that the fair value as at March 31, 2024 has not significantly changed from the last valuation date.

The appraiser determined that the highest and best use of the subject properties are those of industrial uses, commercial and residential properties, which are aligned with the current use. The fair value of the investment properties is categorized at Level 3 which uses 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 SPMI. The agreement is for a period of 50 years beginning in 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. With the sale of the land in March 2024, the lease rental ceased immediately, and no more lease rental recognized.

In addition, 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.

Rental income attributable to the investment properties for the period ended March 31, 2024 and 2023 consists of the following:

	<b>Unaudited March 31 2024</b>	Unaudited March 31 2023
Third parties	<b>2,645,505</b>	1,229,486
Related parties	<b>105,000</b>	1,965,118
	<b>2,750,505</b>	3,194,604

Rental income from SPMI is no longer considered as a related party transaction of the Group effective March 1, 2023 and reported under third parties.

The operating expenses directly attributable to the investment properties pertaining to real estate taxes amounted to P0.7 million as of March 31, 2024 (2023 – P1.0 million).

The outstanding balances of lease receivables from related parties as at March 31, 2024 and December 31, 2023 represent lease differential in the computation of rent income using straight-line method.

Advance rentals as at March 31, 2024 and December 31, 2023 are as follows:

	<b>Unaudited March 31 2024</b>	Audited December 31 2023
Third parties	<b>449,788</b>	449,788
Related parties	<b>35,000</b>	35,000
	<b>484,788</b>	484,788
Less: Current portion	<b>170,390</b>	170,390
Non-current portion	<b>314,398</b>	314,398

Refundable deposits as at March 31, 2024 and December 31, 2023 are as follows:

	<b>Unaudited March 31 2024</b>	Audited December 31 2023
Third parties	<b>549,597</b>	549,597
Less: Current portion	<b>235,199</b>	235,199
Non-current portion	<b>314,398</b>	314,398

## 12. Property and Equipment - Net

This account consists of:

Unaudited March 31, 2024				
	Commercial Building	Office machine, furniture and fixtures	Transportation Equipment	Total
Cost:				
January 1	5,397,020	1,396,826	776,186	7,570,032
Addition	-	62,053	-	62,053
March 31	5,397,020	1,458,879	776,186	7,632,085
Accumulated depreciation:				
January 1	5,397,020	895,488	776,186	7,068,694
Depreciation	-	27,788	-	27,788
March 31	5,397,020	923,276	776,186	7,096,482
Net Book Value	-	535,603	-	535,603

Audited December 31, 2023

	Commercial Building	Office machine, furniture and fixtures	Transportation Equipment	Total
Cost:				
January 1	5,397,020	1,399,986	776,186	7,573,192
Disposal	-	(3,160)	-	(3,160)
December 31	5,397,020	1,396,826	776,186	7,570,032
Accumulated depreciation:				
January 1	5,397,020	764,726	776,186	6,937,932
Depreciation	-	133,922	-	133,922
Disposal	-	(3,160)	-	(3,160)
December 31	5,397,020	895,488	776,186	7,068,694
Net Book Value	-	501,338	-	501,338

The Group purchased computer equipment worth P62,054 in March 2024.

Based on the results of management assessment, the Group believes that there was no objective evidence that indicators of impairment exist as at March 31, 2024 and December 31, 2023.

## 13. Intangible Assets – Net

This account pertains to computer software programs.

	Unaudited March 31 2024	Audited December 31 2023
Cost:		
January 1 and March 31	4,572,382	4,572,382
Accumulated depreciation:		
January 1, 2023 and December 31, 2023	2,721,656	2,068,459
Depreciation	163,300	653,197
	2,884,956	2,721,656
Net Book Value	1,687,426	1,850,725

Based on the results of management assessment, the Group believes that there was no objective evidence that indicators of impairment exist as at March 31, 2024 and December 31, 2023.

#### 14. Accrued Expenses and Other Current Liabilities

This account consists of:

	<b>Unaudited March 31 2024</b>	Audited December 31 2023
Payable to government agencies	<b>180,365,151</b>	595,837
Accrued expenses	<b>25,624,874</b>	1,740,286
Others	<b>765,529</b>	765,714
	<b>206,755,554</b>	3,101,837

Payable to government agencies pertains to output VAT and withholding taxes mostly related to sale of land. (Note 11)

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

Others pertain to unclaimed monies or dividends by shareholders (Note 15).

#### 15. Related Party Transactions

In the normal course of business, the Group transacts with companies which are considered related parties. Significant related transactions and balances as of March 31, 2024 and December 31, 2023 follow:

Related Party	Notes	As of March 31, 2024		As of December 31, 2023		Terms and conditions
		Transactions (1 <sup>st</sup> quarter)	Outstanding receivable (payable)	Transactions (annual)	Outstanding receivable (payable)	
<b>Entities under common control</b>						
Leases (a)						
Rental Income						
SPMI*		-	-	1,860,118	-	The outstanding balance is collectible in cash, within first five (5) days of each month, non-interest bearing and unsecured.
Keppel IVI Investments, Inc. (KIVI)		<b>75,000</b>	-	300,000	-	
Keppel Energy and Consultancy Inc. (KECI)		<b>30,000</b>	<b>22,400</b>	120,000	-	
	7,11	<b>105,000</b>	<b>22,400</b>	2,280,118	-	
Advance rentals						
KIVI		-	<b>(25,000)</b>	-	(25,000)	The outstanding balance is collectible in cash, within first five (5) days of each month, non-interest bearing and unsecured.
KECI		-	<b>(10,000)</b>	-	(10,000)	
	11	-	<b>(35,000)</b>	-	(35,000)	
Various expenses and charges (b)						
Keppel Enterprise Services Ltd.		-	-	106,907	-	The outstanding balance is collectible in cash on demand, non-interest bearing and unsecured.
Management & accounting services fees (c)						
Bay Phils. Holdings Inc.		<b>165,000</b>	-	660,000	-	The outstanding balance is collectible in cash on demand, Non-interest bearing and Unsecured.
KECI		<b>60,000</b>	<b>44,800</b>	240,000	-	
KIVI		<b>45,000</b>	-	180,000	-	
Kepventure, Inc.		<b>15,000</b>	-	60,000	-	
		<b>285,000</b>	<b>44,800</b>	1,140,000	-	
<b>Associates</b>						
Commission income received	11	<b>198,000</b>				
Cash dividend received-CLI	10	-	-	5,239,859	-	
<b>Shareholders of the Parent Company</b>						
Cash dividend declared and paid						
Keppelwealth Inc.		-	-	3,053,293	-	Outstanding balance is collectible in cash on pay-out date as approved by the Parent Company's BOD, non-interest bearing, unguaranteed, and unsecured.
KL		-	-	1,689,409	-	
Others		<b>(185)</b>	<b>(765,529)</b>	990,600	(765,714)	
		<b>(185)</b>	<b>(765,529)</b>	5,723,302	(765,714)	
Management fees – Kepwealth Inc. (c)		<b>69,000</b>		276,000	-	Outstanding balance is collectible in cash at gross amount on demand, non-interest bearing, unguaranteed and
Various expenses and charges (b)						
KL		<b>237,978</b>	-	85,276	-	

unsecured.

<b>Key management personnel (d)</b>				
Salaries and other short-term benefits	<b>608,250</b>		2,142,000	-
Retirement benefits	<b>105,000</b>	<b>(942,483)</b>	426,588	(837,483)

The outstanding balance is payable every designated period per employee contracts, non-interest bearing and unsecured

*\*Effective March 1, 2023, SPMI is no longer considered a related party due to KL's sale of SPMI shares to an external party*

The Group always observes and adheres with the related party transactions policy and all other relevant laws, rules, and regulations, as may be applicable, in the review, approval and disclosure of related party transactions. The members of the Audit, Risk and Compliance Committee and management disclose to the BOD all material facts related to the material related party transactions, whether potential or actual conflict of interest, including their direct and indirect interest in any transaction or matter that may affect or is affecting the Group. The 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 the majority of the independent directors voting to approve. In case the majority of the independent directors' vote is not secured, the material related party transactions may be ratified by the vote of the shareholders representing at least two-thirds of the outstanding share capital of the Parent Company. As of March 1, 2023, due to KL's sale of SPMI and SSSI to an external party, SPMI and SSSI are no longer considered related parties by KPHI.

Outstanding balances of transactions with related parties are unsecured and settlements are made in cash. As of this period, the Group has not made any provision for doubtful accounts relating to amounts owed by related parties because of the strong financial condition of the concerned entities. This assessment is undertaken each financial period through examining the financial position of the related party and the market in which the related party operates and the market in which the related party operates.

The following are the Group's significant transactions with related parties:

*a) Leases*

The Group leases certain investments properties to related parties (Note 11).

*b) Advances for various expenses and charges*

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

*c) Management and accounting services fees*

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

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

*(d) Key management personnel*

There was no share-based compensation, other long-term and termination benefits provided to key management personnel.

*(e) Elimination*

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

	<b>Unaudited March 31 2024</b>	Audited December 31 2023
Investment in subsidiaries	<b>110,165,069</b>	110,165,069
Dividend income of Parent Company from subsidiaries	<b>510,000</b>	31,003,600
Dividend income of GRDC from GMRI	-	888,975
Commission income of Parent Company from GMRI	<b>7,500,000</b>	-
Management fees of Parent Company from subsidiary	<b>195,000</b>	780,000

## 16. Retirement benefit plan

The Group has a funded, non-contributory defined benefit plan covering the retirement and disability benefits to its qualified employees and is being administered by a trustee bank. The normal retirement age is 60 years and optional retirement date is at age 50 and completion of at least fifteen (15) years of service. The retirement obligation is determined using the “Projected Unit Credit” (PUC) method. Under the PUC method, the annual normal cost for the portion of the retirement is determined using the amount necessary to provide for the portion of the retirement benefit accruing during the year.

The fair value of plan assets of the Group as at December 31, 2023 amounts to P3.2 million (2022 – P8.8 million). There was no contribution to the plan in 2023.

The Group recognized provision for retirement benefit amounting to P0.1 million for the period ending March 31, 2024 (2023 – P0.4 million).

Details of retirement benefit liability, net in the consolidated statements of financial position as at December 31, 2023 and 2022 are as follows:

	2023	2022
Fair value of plan assets	3,189,989	8,830,923
Present value of defined benefit obligation	(4,026,472)	(7,781,483)
	<b>(837,483)</b>	<b>1,049,440</b>

Annual movements in remeasurements on retirement benefits as at and for the years ended December 31, 2023 and 2022 are as follows:

	2023	2022
January 1	2,809,365	1,099,460
Remeasurement gain (loss)	(1,460,335)	1,709,905
Tax effect	-	-
Remeasurement gain on retirement benefits, net of tax	(1,460,335)	1,709,905
December 31	<b>1,349,030</b>	<b>2,809,365</b>

## 17. Share capital

The Class “A” and Class “B” shares of stock are identical in all respects and have ₱1 par value, except that Class “A” shares are restricted in ownership to Philippine nationals. Class “B” shares are 18% and 82% owned by Philippine nationals and foreign nationals, respectively, as of March 31, 2024. Each share has right of one (1) vote. Authorized and issued shares as of March 31, 2024 and December 31, 2023 are as follows:

Authorized – P1 par value		
Class “A”		90,000,000
Class “B”		200,000,000
		<b>290,000,000</b>
Issued		
Class “A”		39,840,970
Class “B”		33,332,530
Share capital		<b>73,173,500</b>
Share premium		<b>73,203,734</b>

Details of the Parent Company’s weighted average number of shares as follows:

	Unaudited March 31 2024	Audited December 31 2023	Unaudited March 31 2023
Class “A”	35,756,070	35,756,070	35,756,070
Class “B”	21,476,949	21,476,949	21,476,949
	<b>57,233,019</b>	<b>57,233,019</b>	<b>57,233,019</b>

In accordance with SRC Rule 68, as Amended (2019), Annex 68-K, below is a summary of the Parent Company's track record of registration of securities as at March 31, 2024 and 2023:

<b>Common Shares</b>	<b>Number of Shares Registered</b>	<b>Issue/Offer Price</b>	<b>Date of Approval</b>	<b>Number of Holders of Securities</b>
March 2024				
Class "A"	35,756,070	1.00	June 30, 2000	370
Class "B"	21,476,949	1.00	June 30, 2000	54
	<b>57,233,019</b>			
<b>Common Shares</b>	<b>Number of Shares Registered</b>	<b>Issue/Offer Price</b>	<b>Date of Approval</b>	<b>Number of Holders of Securities</b>
March 2023				
Class "A"	35,756,070	1.00	June 30, 2000	375
Class "B"	21,476,949	1.00	June 30, 2000	55
	<b>57,233,019</b>			

There are 411 and 417 total shareholders per record holding both Class "A" and "B" shares for the periods ending March 31, 2024 and 2023, respectively.

## 18. Retained Earnings; Treasury shares

Retained earnings amounted to P1.3 billion as at March 31, 2024 (December 31, 2023 – P773.5 million). The portion of retained earnings, corresponding to the undistributed equity in net earnings of the associates amounted to P80.9 million as of March 31, 2024 (December 31, 2023 – P80.0 million) Note 10, is not available for distribution as dividends until declared by the associates.

Retained earnings are further restricted to the extent of treasury shares with the following details as of March 31, 2024 and 2023.

	<b>March 2024</b>		<b>March 2023</b>	
	<b>Shares</b>	<b>Cost</b>	<b>Shares</b>	<b>Cost</b>
Class "A"	<b>4,084,900</b>	<b>15,840,946</b>	4,063,700	15,692,317
Class "B"	<b>11,855,581</b>	<b>10,163,584</b>	11,817,281	9,900,770
	<b>15,940,481</b>	<b>26,004,530</b>	15,880,981	25,593,087

There are no treasury shares purchased since 2023 up to March 31, 2024. There are no cash dividends declared and paid during the first quarter of 2024 and 2023.

## 19. Operating Expenses

This account consists of:

	<b>Unaudited March 31, 2024</b>	<b>Unaudited March 31, 2023</b>
Professional fees	<b>2,785,235</b>	1,088,858
Salaries and benefits	<b>1,379,016</b>	2,681,899
Taxes and licenses	<b>877,257</b>	1,121,554
Depreciation and amortization	<b>191,088</b>	200,419
Utilities	<b>169,966</b>	174,998
Membership dues and subscriptions	<b>130,468</b>	122,278
Repairs and maintenance	<b>105,125</b>	99,289
Transportation and travel	<b>23,006</b>	70,306
Office supplies	<b>20,751</b>	25,560
Commission	-	199,618
Provision (recovery) for impairment losses-net	<b>(1,220,345)</b>	(267,366)
Others	<b>192,626</b>	98,053
	<b>4,654,193</b>	5,615,466

Other expenses consist of fringe tax expense, insurance, postage, out-of-pocket charges, bank charges, business development expenses and various items that are individually immaterial.



## 20. Operating segments

For management reporting purposes, the Group's businesses are classified into the following business segments - (1) investment holding and (2) real estate. Details of the Group's business segments are as follows:

<b>Unaudited March 31, 2024</b>					
	<b>Investment Holdings</b>	<b>Real Estate</b>	<b>Combined</b>	<b>Eliminations</b>	<b>Consolidated</b>
Revenues and income					
External customers	-	2,645,505	2,645,505	-	2,645,505
Equity in net earnings of an associate	-	-	-	860,407	860,407
Other related parties	1,059,000	105,000	1,164,000	(705,000)	459,000
Gain on sale of investment property	-	1,264,583,759	1,264,583,759	7,500,000	1,272,083,759
Interest income from banks & others	15,627,608	6,629,138	22,256,746	(7,500,000)	14,756,746
<b>Total revenues and income</b>	<b>16,686,608</b>	<b>1,273,963,402</b>	<b>1,290,650,010</b>	<b>155,407</b>	<b>1,290,805,417</b>
Income before income tax	14,732,816	1,271,068,001	1,285,800,817	350,407	1,286,151,224
Income tax expense	(2,854,283)	(317,379,380)	(320,233,663)	-	(320,233,663)
Net Income	11,878,533	953,688,621	965,567,154	350,407	965,917,561
Other comprehensive income	10,000,000	-	10,000,000	-	10,000,000
<b>Total comprehensive income</b>	<b>21,878,533</b>	<b>953,688,621</b>	<b>975,567,154</b>	<b>350,407</b>	<b>975,917,561</b>
<b>Segment assets</b>	<b>743,000,011</b>	<b>2,069,541,907</b>	<b>2,812,541,918</b>	<b>(118,565,069)</b>	<b>2,693,976,849</b>
Segment liabilities	4,754,994	453,805,408	458,560,402	(9,296,342)	449,264,060
Depreciation & amortization	102,888	88,200	191,088	-	191,088

<b>Audited December 31, 2023</b>					
	<b>Investment Holdings</b>	<b>Real Estate</b>	<b>Combined</b>	<b>Eliminations</b>	<b>Consolidated</b>
Revenues and income					
External customers	-	12,399,406	12,399,406	-	12,399,406
Equity in net earnings of an associate	-	-	-	1,608,657	1,608,657
Other related parties	33,199,600	420,000	33,619,600	(31,783,600)	1,836,000
Interest income from banks & others	29,198,742	3,434,380	32,633,122	-	32,633,122
<b>Total revenues and income</b>	<b>62,398,342</b>	<b>16,253,786</b>	<b>78,652,128</b>	<b>(30,174,943)</b>	<b>48,477,185</b>
Income before income tax	48,620,114	10,172,101	58,792,215	(29,394,943)	29,397,272
Income tax benefit (expense)	(5,844,056)	(1,290,577)	(7,134,633)	-	(7,134,633)
Net Income	42,776,058	8,881,524	51,657,582	(29,394,943)	22,262,639
Other comprehensive income	10,539,665	-	10,539,665	-	10,539,665
<b>Total comprehensive income</b>	<b>53,315,723</b>	<b>8,881,524</b>	<b>62,197,247</b>	<b>(29,394,943)</b>	<b>32,802,304</b>
<b>Segment assets</b>	<b>720,328,384</b>	<b>691,207,621</b>	<b>1,411,536,005</b>	<b>(110,165,068)</b>	<b>1,301,370,936</b>
Segment liabilities	3,961,903	3,302,822	7,264,725	(896,345)	6,368,380
Depreciation & amortization	429,141	357,978	787,119	-	787,119

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

All the Group's revenues are derived from operation within the Luzon, an island in the Philippines, hence, the Group did not present geographical information required by PFRS 8, *Operating Segments*.

Revenue from third party as of March 31, 2024 amounted to P2.6 million (March 2023 – P1.2 million) including revenue from SPMI for the month of March 2024 of P2.3 million (March 2023 - P0.9 million). Rental from SPMI comprises about 85% and 88% of the Group's rental revenue for the periods ended March 31, 2024 and 2023. SPMI is no longer a related company effective March 1, 2023.

## 21. 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 part of the condition of the sale, the necessary 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. Thereafter, PNOC filed a Petition for Certiorari with the Court of Appeals (CA) with the latter rendering judgement in favor of PNOC on October 25, 2023. The case is still on-going at the CA with the parties filing their respective motions during the period.

## 22. Financial Risk Management Objectives and Capital Management

### Financial Risk Management

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

#### (a) Credit risk

Credit risk pertains to the risk that a party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss. The Group transacts mostly with related parties, thus, there is no requirement for collateral. There are 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. There are no significant concentration of credit risk pertaining to receivables.

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

	<b>Unaudited March 31 2024</b>	Audited December 31 2023
<i>Cash and receivables</i>		
Cash and cash equivalents	<b>2,182,905,495</b>	575,523,245
Receivables, at gross	<b>6,583,971</b>	29,821,347
Advances to employees	<b>69,919</b>	81,551
	<b>2,189,559,385</b>	605,426,143

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; advances to employees*

There is low credit exposure and immaterial ECL on lease receivable since this account is considered high performing with no history of defaults. 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 the future cash flows of a financial instrument will fluctuate because of the changes in market interest rates. The Group has no significant exposure to interest rate risk on cash and cash equivalents, as these are subject to fixed interest rates and short-term. The Group has no long-term receivable with related parties. 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 values of the equities will decrease resulting from changes in the levels of equity indices and the value of the individual stocks. The Group's price risk exposure relates to its quoted equity investments where values will fluctuate due to changes in market prices. Such quoted equity investments are subject to price risk due to changes in market values arising from factors specific to the instrument or its issuer or factors specific to the instruments traded in the market.

(c) Liquidity Risk

Liquidity is the risk that the entity will encounter difficulty in raising funds to meet commitments associated with financial instruments. Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding. The Group's objective is to maintain a balance between continuity of funding and flexibility using cash and cash equivalents. The Group also monitors its risk of 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.

Capital Management

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

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

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

The debt-to-equity ratios as of March 31, 2024 and December 31, 2023 are as follows:

	<b>Unaudited March 31 2024</b>	Audited December 31 2023
Total liabilities	<b>449,264,060</b>	6,386,380
Total equity	<b>2,244,712,789</b>	1,295,002,556
Debt to equity ratio	<b>0.20:1</b>	0.005:1

The Group is not exposed to externally imposed capital requirements and there were no changes in the Group's approach to capital management during the period.

Fair Value hierarchy

Due to the short-term nature of cash and cash equivalents, receivables, advances to employees, accrued expenses and other current liabilities their carrying values approximate fair values as at March 31, 2024 and December 31, 2023. The carrying value of long-term advance rental and deposits approximate their fair values as the impact of discounting is immaterial.

The fair value of quoted equity instruments is determined by reference to the quoted market bid price at the close of business at the end of the reporting dates since this is actively traded in organized financial markets. As at March 31, 2024 and December 31, 2023, the Group classifies its financial asset as FVOCI under Level 2 of the fair value hierarchy and there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurement.

The fair value of the plan assets, which are mainly composed of government securities and UITFs are classified under Level 1 fair value hierarchy. The fair value of investment properties is classified under Level 3 of the fair value hierarchy and is determined using the market approach. The Group does not have assets and liabilities measured at fair value on a non-recurring basis during the periods.

### 23. Financial Soundness - Key Performance Indicators

	Unaudited March 31 2024	Audited December 31 2023
A. Current and liquidity ratios		
1. Current ratio - (Current assets/Current liabilities)	4.89	163.48
2. Acid-test ratio or Quick ratio - (Monetary current assets/Current liabilities)	4.89	163.27
B. Solvency ratio		
1. Net income + depreciation/Total liabilities (annualized)	8.60	3.62
2. Total assets/Total liabilities	6.00	204.35
C. Debt to equity ratio – (Total liabilities/Total equity)	0.20	0.005
D. Asset to equity ratio (Total assets/Total equity)	1.20	1.01
E. Debt ratio (Total liabilities/Total assets)	0.17	0.005
F. Interest rate coverage ratio (EBIT/Interest expense)	Nil	Nil
G. Profitability % (annualized)		
1. Return on assets (Net income/Total assets)	143.42	1.71
2. Return on equity (Net income/Total equity)	172.12	1.72
3. Net profit margin (Net income/revenue)	74.83	45.92
H. Earnings per share attributable to equity holders of the Parent (Annualized) - (₱)	34.83	0.31
I. Book value per share attributable to equity holders of the Parent (₱)	25.51	16.85
J. Price/Earnings ratio (Price per share/EPS (Annualized) (₱)	0.24	18.79

### 24. Shares Market Price

Stock Symbol	31 March 2024		31 December 2023	
	Last Trading Date	Last Closing Price	Last Trading Date	Last Closing Price
KPH	25 March 2024	8.75	29 Dec 2023	5.00
KPHB	22 March 2024	8.00	25 Oct 2023	7.20

### 25. Aging of Current Receivable as at March 31, 2024 in Philippine Pesos

	Total	Current	2-3 Mos	4 - 6 Mos	7 -12 Mos	More than 1 year
Interest receivable	6,121,103	6,121,103	-	-	-	-
Lease receivables - current	126,637	126,637	-	-	-	-
Nontrade - receivables	336,231	336,231	-	-	-	-
<b>Total</b>	<b>6,583,971</b>	<b>6,583,971</b>	-	-	-	-
Less Allowance for doubtful account	-	-	-	-	-	-
<b>Net Receivables</b>	<b>6,583,971</b>	<b>6,583,971</b>	-	-	-	-

**EXHIBIT II**

**MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS  
OF OPERATIONS AND FINANCIAL CONDITION**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION**

### **Results of Operations**

The Group recorded a net income of P965.9 million for the first quarter ended March 31, 2024, P961.3 million or 210 times higher than P4.6 million during the same period last year. The reasons for the changes in net income are discussed as follows:

The Group earned P1.3 billion net gain from the sale of investment property of its 51% owned subsidiary, GMRI, of its land with a total area of 24.9 hectares located in Bauan, Batangas to a non-related third party for P1.5 billion on March 7, 2024. The sale comes after a strategic review of investments and the opportunity to sell the land at valuation. The cost of the land, commission, and real property tax totaling P227.9 million were charged against the proceed.

The Group earned interest income from short-term time deposits of P14.6 million as of March 31, 2024, P7.4 million or 103% higher than the interest of P7.2 million earned during the same period last year. The increase in interest earned from deposits was due to higher interest rates of 5.75% to 6% per annum during this period as against 0.5 % to 5.4% per annum in March 2023. In addition, higher amounts of fixed deposits of P2.2 billion this period as compared to P575.5 million as of December 31, 2023, due to the proceed from the sale of land in March 2024.

Rental revenue for the quarter ending March 31, 2024 amounted to P2.8 million lower than P3.2 million in March 2023. The P0.4 million decrease was due to termination of lease rental from SPMI as a result to the Batangas land sale effective March 7, 2023.

During the first quarter of the year, the Group recognized net earnings slightly lower than the same period last year of P1.0 million. The decrease in equity share was due to lower net income of P3.4 million as against the same period last year of P4.0 million recognized by the associate brought about by the decrease in power sales distribution net profit by 41% or P2.9 million due to increase in the distribution cost.

This quarter's operating expenses of P4.7 million are lower by P0.9 million as compared to last year of P5.6 million. The decrease was due to a) recovery of provision for CWT by P1.0 million; b) lower salaries and benefits by P1.3 million; c) lower taxes and licenses by P0.2 million; d) other expenses by P0.1 million. This was partially offset by an increase in professional fees of P1.7 million.

### **Financial Condition**

The cash position of the Group as of March 31, 2024 amounted to P2.2 billion, P1.6 billion higher than the P0.6 billion recorded as of December 31, 2023. The increase of P1.6 billion is due to the proceeds from the sale of investment property of P1.47 billion and cash provided by the operating activities of P0.13 billion.

Total current receivables as of March 31, 2024 amounted to P6.6 million as against last December 31, 2023 of P3.8 million. The increase was due mainly to the increase in accrued interest receivable of P2.8 million. The non-current lease receivable of P26.0 million as of December 31, 2023, relating to the long-term lease contract of the land, with 19 years remaining life, was terminated at the same time when the land was sold last March 7, 2024. This was charged under the effect of change in accounting for leases in the Retained Earnings.

Other current assets as of March 31, 2024 and as of December 31, 2023 stood both at P0.8 million. This account consists of prepaid expenses, creditable withholding tax, deposits and advances.

Financial assets at fair value through other comprehensive income (FVOCI) was revalued at P80.0 million and P70.0 million for the periods ending March 31, 2024 and December 31, 2023, respectively.

Investments in associates as of March 31, 2024 and December 31, 2023 amounted to P418.5 million and P417.6 million, respectively. The P0.9 million increase was due mainly to the recognition of equity in net earnings of associate.

Total fixed and intangible assets as of March 31, 2024 decreased from P207.6 million as of December 31, 2023 to P5.2 million this year mainly due to the sale of land at Bauan, Batangas carried at P202.3 million. There was acquisition of office equipment (laptop) amounting to P62,053 during the first quarter of 2024.

Total liabilities as of March 31, 2024 and December 31, 2023 amounted to P449.3 million and P6.4 million, respectively. The increase in the liabilities are due to the following: a) higher income tax payable of P240.6 million; b) higher VAT output of P180.0 million, and c) accrued commission of P22.5 million.

The equity attributable to equity holders of the Parent Company as of March 31, 2024 amounted to P1.5 billion as against last December 31, 2023 of P1.0 billion. The increase of P0.5 billion was due to net income of P0.5 billion. The unrealized gain on fair value gain on financial assets at FVOCI of P10.0 million was offset by the effect of a change in accounting for leases amounting to P13.1 million. No dividend declared during the quarter.

Non-controlling interests as of March 31, 2024 amounted to P784.8 million as against last December 31, 2023 of P330.4 million. The increase was due to net income attributable to the noncontrolling interests of P467.5 million net of effect of a change in accounting for leases amounting to P12.6 million.

The book value per share attributable to equity holders of the parent (equity attributable to equity holders of the parent divided by common shares outstanding) at ₱25.51 as of March 31, 2024 as against December 31, 2023 of ₱16.85 per share.

Earnings per share attributable to the equity holders of the Parent (net earnings for the quarter divided by common shares outstanding) as shown in the consolidated statement of income is P8.71 and P0.05 as of the quarters ended March 31, 2024 and 2023.


### **Material Events and Uncertainties**


There are no known trends, commitments, events or uncertainties that will have a material impact, whether favorable or unfavorable, on the revenues or income from continuing operations of the Parent Company. There are also no off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the Parent Company with unconsolidated entities or other persons created during the year.

**SIGNATURES**

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Issuer : **KEPPEL PHILIPPINES HOLDINGS, INC.**

Signature and Title :   
\_\_\_\_\_  
**ALAN I. CLAVERIA**  
President

  
\_\_\_\_\_  
**FELICIDAD V. RAZON**  
VP/Treasurer

Date : 10 May 2024



# KEPPEL PHILIPPINES HOLDINGS, INC.

## MINUTES OF THE ANNUAL STOCKHOLDERS' MEETING

Held via Microsoft Teams Online Meeting  
on **16 June 2023**

### I. CALL TO ORDER

The Chairman, Mr. Kevin Chng Chee Keong, welcomed the stockholders to the Annual Stockholders' Meeting (ASM or Meeting) held through Microsoft Teams Online.

The Chairman also welcomed the independent and regular directors, corporate officers, and representative of the stock transfer agent, Stock Transfer Services, Inc. (STSI).

The following attended the meeting via remote communication:

1. Kevin Chng Chee Keong – Chairman of the Board
2. Alan I. Claveria – President
3. Celso P. Vivas – Lead Independent Director
4. Ramon J. Abejuela – Independent Director
5. Leonardo R. Arguelles, Jr. – Independent Director
6. Stefan Tong Wai Mun – Director
7. Felicidad V. Razon – Director / Vice President / Treasurer
8. Jomar Lucinario – Representative from STSI
9. Maria Melva E. Valdez – Corporate Secretary
10. Roselle D. Peña – Legal Counsel

The Chairman called the meeting to order at about 11:35 A.M.

### II. PROOF OF NOTICE OF MEETING AND CERTIFICATION OF QUORUM

Upon inquiry from the Chairman, the Corporate Secretary, Atty. Maria Melva E. Valdez, advised that notice for the ASM and the Meeting materials were sent to each stockholder in accordance with the By-Laws of the Corporation and rules of the Securities & Exchange Commission (SEC). The notice was disseminated in accordance with SEC Memorandum Circular No. 6, series of 2020 or the *Guidelines on the attendance and participation of directors, stockholders, and other persons of corporations in regular and special meetings through remote or electronic means of communication*, and SEC Notice dated 13 March 2023 on the *Alternative Mode for Distributing and Providing Copies of the Notice of Meeting, Information Statement, and Other Documents in Connection with the Holding of Annual Stockholders' Meeting ("ASM") for 2023*.

She confirmed that notice was published twice in electronic and printed formats in the business section of two (2) newspapers of general circulation, namely, the Philippine Daily Inquirer on the 24<sup>th</sup> and 25<sup>th</sup> of May 2023 and the BusinessWorld on the 24<sup>th</sup> and 25<sup>th</sup> of May 2023. The Affidavits of Publication were issued by Adela Gersalia Mendoza, the Sales Director – Classified Advertising of the Philippine Daily Inquirer, Inc. and Bernard E. Enolva – Billing and Collection Manager of BusinessWorld.

Further, electronic copies of the Definitive Information Statement (“Definitive IS”), the Guidelines for conducting this meeting via remote communication and the 2022 Audited Financial Statement were posted on the Company website and disclosed in the Philippines Stock Exchange’s PSE Edge Portal.

With the assistance of the STSI, the quorum for the Meeting was determined. The Corporate Secretary announced that, out of the total outstanding shares, at least 82.87% were present either in person or by proxy, hence, there was a quorum.

Stockholders of record who duly submitted their valid proxy or notified the Company of their intention to participate by remote communication were included in the determining the existence of quorum. The Presiding Officer shall ask the stockholders to vote on matters following the Agenda or if they have questions on matters discussed. Participants can send their votes/objections/comments/questions via the Microsoft Teams Chat box. Motions shall be considered carried upon garnering majority votes of present stockholders. The Presiding Officer or the Moderator will read the questions. Concerned company representatives shall endeavor to answer questions as time will allow.

Stockholders were given the chance to send their questions in advance by sending an email bearing the subject “ASM 2023 Open Forum/Questions” to [info@keppelph.com](mailto:info@keppelph.com) on or before 13 June 2023. Questions/comments received via email or chat box but not entertained during the Open Forum due to time constraints will be addressed separately by the Company’s Corporate Information Officer.

The Corporate Secretary also confirmed that the Company did not receive any question or comment from the stockholders prior to the meeting.

**III. READING AND APPROVAL OF THE MINUTES OF THE ANNUAL STOCKHOLDERS’ MEETING HELD ON 17 JUNE 2022**

The Chairman was informed that copies of the minutes of the previous ASM held on 17 June 2022 were made available to the stockholders beforehand. Thus, on motion duly made and seconded, the reading of the aforementioned minutes was dispensed with and the minutes was approved by the stockholders as follows:

Stockholders Voting in Favor	Stockholders Voting Against	Stockholders who Abstained
82.87 %	Nil	Nil

**IV. PRESENTATION OF THE 2022 ANNUAL REPORT AND APPROVAL OF THE AUDITED FINANCIAL STATEMENTS**

The Chairman stated that the Company's Annual Report (SEC Form 17-A) was posted on the Company's website and disclosed via PSE Edge. Likewise, the electronic copy of the 2022 Audited Financial Statements was included in the Definitive IS, which as earlier mentioned, was posted on the Company's website and disclosed via PSE Edge Portal.

The Chairman welcomed questions from the stockholders. However, there was no question from the stockholders. Thereafter, upon motion duly made and seconded, the Audited Financial Statements for the year ended 2022 was approved as follows:

Stockholders Voting in Favor	Stockholders Voting Against	Stockholders who Abstained
82.87 %	Nil	Nil

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

The Chairman opened the floor for a motion on the ratification of the corporate acts and proceedings of the Board of Directors, Officers, Management of the Corporation for the period under review or from 18 June 2022 to 16 June 2023.

On motion duly made and seconded, the following resolution was approved:

**"RESOLVED**, That all the official or corporate acts and proceedings of the Board of Directors, Officers and Management of the Corporation from the period beginning 18 June 2022 until 16 June 2023 are hereby approved and ratified."

Stockholders voted as follows:

Stockholders Voting in Favor	Stockholders Voting Against	Stockholders who Abstained
82.87 %	Nil	Nil

**VI. ELECTION OF DIRECTORS**

The Chairman inquired from the Corporate Secretary the names of nominees and whether the nominations were in accordance with the Corporation's By-Laws and Manual of Corporate Governance. The Corporate Secretary read the names of the four (4) nominees for election as regular members of the Board of Directors and three (3) nominees for independent directors for the year 2023-2024. No other nomination was filed.

She also discussed that the nominees for Independent Directors were aware of SEC Memorandum Circular No, 5, series of 2017 regarding the submission of Certificate of Qualification of Independent Directors. They are likewise aware of the 9-year maximum term limit of Independent Directors pursuant to the Recommendation 5.3. of the SEC Code of Corporate Governance for Publicly Listed Companies ("PLCs").

While Mr. Vivas has served as Independent Director for a cumulative term of eleven (11) years, it was noted from meeting discussions of the Corporate Governance and Nomination Committee and the Board of Directors that Mr. Vivas has extensive experience and unquestionable familiarity on the operations of the Company, which make him most qualified to provide impartial advice and guidance to the Company.

Further, it was noted in the discussions the intention of the SEC regulations in providing the nine (9) years term limit and that is "to ensure the exercise of independent judgment on corporate affairs and proper oversight of managerial performance, including prevention of conflict of interests and balances of competing demands of the corporation."

Likewise noted in the discussion is the track record of Mr. Vivas, his notable advocacy for corporate governance, his dedication and general professional approach to all matters at the Audit, Risk and Compliance Committee, the Corporate Governance and Nomination Committee and the Board of Directors. These have contributed immensely in ensuring that adequate mechanisms for proper checks and balances in the Company are in place, as well as in securing objective judgement on corporate affairs. As such, despite maximizing the 9-year term, the re-election of Mr. Vivas for another term will prove beneficial in even more strengthening Board independence.

She confirmed that information on the nominees were stated in the Definitive IS (SEC Form 20-IS) posted on the Company website and disclosed via PSE Edge.

A motion was made and seconded for the Corporate Secretary to cast all votes equally among the nominees and that the seven (7) nominees be proclaimed as elected directors and to serve as such for the ensuing year and until the election and qualification of their successors. There was no objection from the stockholders.

Considering that there were seven (7) nominees to fill in seven (7) seats in the Board, the Chairman directed the Corporate Secretary to cast the votes equally in favor of the seven (7) nominees. The following were elected as directors of the Corporation for the year 2022-2023 and shall serve as such until their successors are elected and shall have qualified:

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

Stockholders voted as follows:

Stockholders Voting in Favor	Stockholders Voting Against	Stockholders who Abstained
82.87 %	Nil	Nil

#### **VII. DIRECTORS' REMUNERATION**

The Chairman moved on to the next agenda which is the granting of remuneration to the Directors. The Board of Directors proposed an amount of Philippine Pesos: Nine Thousand (P9,000.00) Director's Fee per Board and Committee meetings for each of the attending Directors effective 17 June 2023.

On motion duly made and seconded, the following resolution was approved:

**"RESOLVED**, That the amount of Philippine Pesos: Nine Thousand (P9,000.00) Director's Fee per Board and Committee meetings for each of the attending Directors effective 17 June 2023 is hereby appropriated and approved to be paid as and by way of directors' remuneration."

Stockholders voted as follows:

Stockholders Voting in Favor	Stockholders Voting Against	Stockholders who Abstained
82.87 %	Nil	Nil

#### **VIII. APPOINTMENT OF EXTERNAL AUDITOR**

The Chairman proceeded to the next item on the agenda which was the appointment of external auditor. The Board of Directors recommended the re-appointment of Isla Lipana and Co., a member firm of PricewaterhouseCoopers (PwC), as external auditor of the Corporation for the year 2023 at a fee to be fixed by the Management.

On motion duly made and seconded, the following resolution was approved:

**"RESOLVED**, That Isla Lipana & Co. (PwC) be as it is hereby appointed as the external auditor of the Corporation for the year 2023 at a fee to be fixed by Management."

Stockholders voted as follows:

Stockholders Voting in Favor	Stockholders Voting Against	Stockholders who Abstained
82.87 %	Nil	Nil

**IX. OTHER MATTERS**

The Chairman announced that the Board of Directors, in its meeting held before the ASM, declared a ten percent (10%) cash dividend equivalent to ten centavos (P0.10) per share to the stockholders of record as of 07 July 2023 and the payments to be made on or before 02 August 2023.

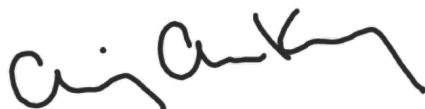
The Chairman asked if there are other matters which must be discussed. The Corporate Secretary confirmed that the Company did not receive any queries, via email or otherwise, from shareholders prior to the Meeting or during the Meeting via the Microsoft Teams chatbox.

**X. ADJOURNMENT**

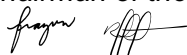
There being no other matters to discuss, the meeting was adjourned at about 11:45 A.M.

  
**MARIA MELVA E. VALDEZ**  
Corporate Secretary

**ATTESTED BY:**



**KEVIN CHNG CHEE KEONG**  
*Presiding Officer of the Stockholders' Meeting*  
*Chairman of the Board of Directors*



CERTIFICATION OF QUALIFICATION OF INDEPENDENT DIRECTOR

I, CELSO P. VIVAS, Filipino, of legal age and a resident of No. 125 Wilson Circle, San Juan, Metro Manila, after having been duly sworn in accordance with law do hereby declare that:

- 1. I am a nominee for independent director of Keppel Philippines Holdings, Inc. (KPHI), a publicly-listed company, with office address at Unit 3B Country Space I Building, 133 Sen. Gil Puyat Avenue, Salcedo Village, Barangay Bel-Air, Makati City. I have been its Independent Director since 2005 and Chairman of the Audit, Risk and Compliance Committee.
2. I am affiliated with the following companies or organizations:

Table with 3 columns: Company/Organization, Position/Relationship, and Period of Service. Rows include Keppel Philippines Properties Inc., Megawide Construction Corp., Republic Glass Holdings Corp., Goodsoil Marine Realty Inc., Goodwealth Realty Dev't. Corp., and Consort Land, Inc.

- 3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of Keppel Philippines Holdings, Inc., as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.
4. I am not related to any of the directors/officers/substantial shareholders of KPHI (including its subsidiaries and affiliates) other than the relationship provided under Rule 68.2.3 of the SRC.
5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.
6. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and SEC issuances.
7. I shall inform the Corporate Secretary of Keppel Philippines Holdings, Inc. of any changes in the abovementioned information within five days from its occurrence.

Done this MAY 22 2024 day of 2024, Makati City, Philippines.

Handwritten signature of Celso P. Vivas

CELSO P. VIVAS
Affiant

MAY 22 2024

MAKATI CITY

SUBSCRIBED AND SWORN to before me this MAY 22 2024 day of 2024 at Makati City, Philippines, affiant personally appeared before me and exhibited to me his Tax Identification Number (TIN) 123-305-216.

Doc. No. 523
Page No. 10
Book No.
Series of 2024.

ATTY. JOEL FERRER FLORES
NOTARY PUBLIC for City of Makati
Until December 31, 2024
Appointment No. M-115 (2023-2024)
PTR No. MKT 10073045 / 01-02-2024/Makati City
Roll No. 77376 / IBP No. 330740/01/02/2024/Pasig City
MCLE Compliance VIII No. 0001393 / 01/03/23 - 04/12/28
1107 Bataan, St., Guadalupe Nuevo, Makati City

**CERTIFICATION OF QUALIFICATION OF INDEPENDENT DIRECTOR**

I, **RAMON J. ABEJUELA**, Filipino, of legal age and a resident of No. 116 Ma. Cristina Street, Ayala Alabang Village, Muntinlupa City, after having been duly sworn in accordance with law do hereby declare that:

1. I am a nominee for independent director of Keppel Philippines Holdings, Inc. (KPHI) and have been its Independent Director since September 14, 2017, and Chairman of the Corporate Governance and Nomination Committee since June 19, 2020.
2. I am affiliated with the following companies or organizations:

Company/Organization	Position/Relationship	Period of Service
Keppel Philippines Properties, Inc.	Independent Director, Chairman of the Audit Committee and Member of the Governance, Nomination and Compensation Committee	2009 to present
Mabuhay Vinyl Corporation	Independent Director & Chairman of the Audit Committee	July 2022 to present
Keppel Philippines Marine, Inc.	Independent Director	June 2020 - June 2022
Keppel Subic Shipyard, Inc.	Independent Director	June 2020 – June 2022
Philippine Nutri-Foods Corporation	Director/Vice Chairman	2004 to Present
NCP Publishing Inc.	Director/Vice Chairman	2004 to present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of Keppel Philippines Holdings, Inc., as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.
4. I am not related to any of the directors/officers/substantial shareholder/s of KPHI.
5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.
6. I shall faithfully and diligently comply with my duties and responsibilities as Independent Director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and SEC issuances.
7. I shall inform the Corporate Secretary of Keppel Philippines Holdings, Inc. of any changes in the abovementioned information within five days from its occurrence.

**MAY 22 2024**

Done this \_\_\_\_\_ day of \_\_\_\_\_ 2024, at MAKATI CITY, Philippines.

**RAMON J. ABEJUELA**  
Affiant

**MAY 22 2024**

**SUBSCRIBED AND SWORN** to before me this \_\_\_\_\_ day of \_\_\_\_\_ 2024 at MAKATI CITY, Philippines, affiant personally appeared before me and exhibited to me his Tax Identification Number (TIN) 172-761-781.

Doc. No. 502  
Page No. 106  
Book No. (1)  
Series of 2024.

**ATTY. JOEL FERRER FLORES**  
NOTARY PUBLIC for City of Makati  
Until December 31, 2024  
Appointment No. M-115 (2023-2024)  
PTR No. MKT 10073943/ 01-02-2024/Makati City  
Roll No. 77376 / IBP No. 330740/01/02/2024/Pasig City  
MCLE Compliance VIII No. 0001393 / 01/03/23 - 04/12/28  
1107 Bataan, St., Guadalupe Nuevo, Makati City



**MAKATI CITY**

**CERTIFICATION OF QUALIFICATION OF INDEPENDENT DIRECTOR**

I, **Leonardo R. Arguelles, Jr.**, Filipino, of legal age and a resident of Unit 1017 Tower 2, Verve Residences, 27<sup>th</sup> Street corner 7<sup>th</sup> Avenue, Bonifacio Global City, Taguig City 1635, after having been duly sworn in accordance with law do hereby declare that:

1. I am a nominee for Independent Director of Keppel Philippines Holdings, Inc. (KPHI) and have been its Independent Director since June 19, 2020, member of the Audit Risk and Compliance Committee and Corporate Governance and Nomination Committee
2. I am affiliated with the following companies or organizations as per stated period:

Company/Organization	Position/Relationship	Period of Service
Keppel Philippines Properties, Inc.	Independent Director, member of the Audit and Compliance Committee; Governance, Nomination and Compensation Committee	13 August 2020 to present
Unicapital Securities Inc. (Stockbroker)	President and Director	2001 to March 2019
Basic Energy Corporation	Advisory Board Member	2012 to March 2019
Des Eaux Utilities Corp.	Director	2007 to March 2019
Royal Bank of Scotland, Manila Branch	Independent Director	2002 to 2009
Anglo Philippines Holdings	Independent Director	2004 to 2007

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of Keppel Philippines Holdings, Inc., as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.
4. I am not related to any of the directors/officers/substantial shareholder/s of KPHI.
5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.
6. I shall faithfully and diligently comply with my duties and responsibilities as Independent Director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and SEC issuances.
7. I shall inform the Corporate Secretary of Keppel Philippines Holdings, Inc. of any changes in the abovementioned information within five days from its occurrence.

Done this MAY 22 2024 day of \_\_\_\_\_ 2024, at MAKATI CITY, Philippines.

**LEONARDO R. ARGUELLES, JR.**

Affiant

**SUBSCRIBED AND SWORN** to before me this MAY 22 2024 day of \_\_\_\_\_ 2024 at MAKATI CITY, Philippines, affiant personally appeared before me and exhibited to me his Tax Identification Number (TIN) 106-967-381.

Doc. No. 526  
Page No. 100  
Book No. 50  
Series of 2024:

**ATTY. JOEL FERRER FLORES**  
NOTARY PUBLIC for City of Makati  
Until December 31, 2024  
Appointment No. M-115 (2023-2024)  
PTR No. MKT 10073945/ 01-02-2024/Makati City  
Roll No. 77376 / IEP No. 300740/01/02/2024/Pasig City  
MCLE Compliance VIII No. 0001393 / 01/03/23 - 04/12/28  
1107 Bataan, St., Guadalupe Nuevo, Makati City

REPUBLIC OF THE PHILIPPINES)  
MAKATI CITY ) SS.

### CERTIFICATION

The undersigned, being the President of **KEPPEL PHILIPPINES HOLDINGS, INC. (KPHI)**, a corporation duly organized and existing under and by virtue of Philippine laws (SEC Identification No. 62596) with principal office at Unit 3-B Country Space 1 Building, 133 Sen. Gil Puyat Avenue, Salcedo Village, Barangay Bel-Air, Makati City, do hereby certify that, as of current date, no members of the Board of Directors and no officers of KPHI are employed by or connected with any government agency and/or instrumentalities.

This Certification is issued in connection with the filing/submission of KPHI's Definitive Information Sheet with the SEC and for all legal purposes it may serve.



**ALAN I. CLAVERIA**  
*President*

SUBSCRIBED AND SWORN to before me this MAY 22 2024 at Makati City; affiant exhibited to me her Taxpayer Identification Number (TIN) Card bearing numbers 127-165-720-000.

Doc. No. 24  
Page No. 106  
Book No. 30  
Series of 2024.

**ATTY. JOEL FERRER FLORES**  
NOTARY PUBLIC for City of Makati  
Until December 31, 2024  
Appointment No. M-115 (2023-2024)  
PTR No. MKT 10073045/ 01-02-2024/Makati City  
Roll No. 77379 / IDP No. 000740/01/02/2024/Pasig City  
MCLE Compliance VIII No. 0001003 / 01/03/23 - 04/12/28  
1107 Bataan, St., Guadalupe Nuevo, Makati City

REPUBLIC OF THE PHILIPPINES)  
MAKATI CITY ) SS.

### CERTIFICATION

The undersigned, being the Vice-President/Treasurer of **KEPPEL PHILIPPINES HOLDINGS, INC. (KPHI)**, a corporation duly organized and existing under and by virtue of Philippine laws (SEC Identification No. 62596) with principal office at Unit 3-B Country Space 1 Building, 133 Sen. Gil Puyat Avenue, Salcedo Village, Barangay Bel-Air, Makati City, do hereby certify that, as of current date, no members of the Board of Directors and no officers of KPHI are employed by or connected with any government agency and/or instrumentalities.

This Certification is issued in connection with the filing/submission of KPHI's Definitive Information Sheet with the SEC and for all legal purposes it may serve.

  
**FELICIDAD V. RAZON**  
*Vice President/Treasurer*

**MAY 22 2024**

SUBSCRIBED AND SWORN to before me this \_\_\_\_\_ at Makati City; affiant exhibited to me her Taxpayer Identification Number (TIN) Card bearing numbers 112-942-756.

Doc. No. 525  
Page No. 106  
Book No. 10  
Series of 2024.

**ATTY. JOEL FERBER FLORES**  
NOTARY PUBLIC for City of Makati  
Until December 31, 2024  
Appointment No. M-115 (2023-2024)  
PTR No. MKT 10073943 / 01-02-2024/Makati City  
Roll No. 77376 / IBP No. 000740/01/02/2024/Pasig City  
MCLE Compliance VIII No. 0001393 / 01/03/23 - 04/12/28  
1107 Bataan, St., Guadalupe Nuevo, Makati City

REPUBLIC OF THE PHILIPPINES )  
 ) S.S  
Quezon City, Metro Manila )

**AFFIDAVIT OF PUBLICATION**

I, **BERNARD E. ENOLVA**, Filipino, of legal age, being first duly sworn according to law, declare and testify :

That I am the **Billing & Collection Manager** of BUSINESSWORLD, a newspaper of general circulation in the Philippines, with editorial and business offices at #95 Balete Drive Extension, New Manila, Quezon City.

That the order of the KEPPEL PHILIPPINES HOLDINGS, INC. entitled NOTICE OF STOCKHOLDERS MEETING

Text of which could be described as follows:

as per attached clipping.

has been published in the BUSINESSWORLD in its issue(s) of MAY 20,21, 2024

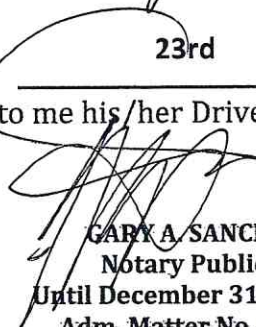
FURTHER AFFIANT SAYETH NOT.

Quezon City, Metro Manila

  
**BERNARD E. ENOLVA**  
Affiant

23rd

SUBSCRIBED AND SWORN to before me this day of MAY affiant having exhibited to me his/her Driver's License ID with No. N02-17-016165.

  
**GARY A. SANCIO**  
Notary Public  
Until December 31, 2024  
Adm. Matter No. 177

Doc. No. 76  
Page No. 17  
Book No. XII  
Series of 2024

IBP No. 1082447 (LIFETIME)/06-30-17/Q.C.  
PTR No. 5573890/1-04-2024/Q.C  
MCLE Compliance No. VII-0011638/03-01-22

**AFFIDAVIT OF PUBLICATION**

I, ADELA GERSALIA MENDOZA, of legal age, Filipino, married and a resident of 14 Registration St. SSS Homes North, Quezon City Philippines after having duly sworn to in accordance with law, hereby declare and testify.

1. That I am the Sales Director – Classified Advertising of the PHILIPPINE DAILY INQUIRER, INC., publisher of the Philippine Daily Inquirer which is being published daily in English, of general circulation with editorial and business address at Chino Roces St. cor. Yague and Mascardo Sts., Makati.

2. That at the order of  
**KEPPEL PHILIPPINES  
HOLDINGS, INC.**

RE: NOTICE OF ANNUAL MEETING OF  
STOCKHOLDERS


Text of which would be described as follows:

**AS PER ATTACHED**

Has been published in the Philippine Daily Inquirer in its issue/issues of:

May 20 and 21, 2024

Affiant Further Sayeth  
Naught, Makati Philippines \_\_\_\_\_

  
**ADELA G. MENDOZA**  
Affiant

SUBSCRIBED AND SWORN to before me this  
MAY 22 2024 day of \_\_\_\_\_  
PHILIPPINES, affiant exhibited to me her Driver's License No. N02-01-455507 issued at Quezon City valid until October 25, 2033 and her SSS No. 03-9451924-9, bearing her photograph and signature.

Doc. No. 104 ;  
Page No. 22 ;  
Book No. 105 ;  
Series of 2024.

**ATTY. JOSHUA P. LAPUZ**  
Notary Public Makati City  
Until Dec. 31, 2025  
Appointment No. M-016-(2024-2025)  
PTR No. 10078910 Jan. 2, 2024 / Makati  
IDP Lifetime No. 04597 Roll No. 43750  
MCLE Compliance No. V3-0016568  
G/F Fedman Bldg., 199 Salcedo St.  
Legaspi Village, Makati City