COVER SHEET

6	2	5	9	6						

S.E.C Registration Number

KEPPEL PHILIPPINES HOLDINGS, INC. AND SUBSIDIARIES

(Company's Full Name)

UNIT 3B COUNTRY SPACE I BLDG. 133 SEN GIL PUYAT AVE SALCEDO VIL BRGY BEL-AIR MAKATI CITY

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

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

Contact Person

8892 1816
8815-9071

Company Telephone Number

1	2		3	1

Month *Day*

SEC Form 20-IS

FORM TYPE

0	6		1	9

Month *Day*

Annual Meeting

Secondary License Type, if Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

420 as of 30 April 2021

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

Keppel Philippines

Keppel Philippines Holdings, Inc.
Head Office
3B Country Space 1 Bldg.
Sen. Gil Puyat Avenue
Makati, Philippines

Tel.: (632) 892 1816
Tel.: (632) 892 1820 to 24
Fax: (632) 8152581, 8926510

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS OF

KEPPEL PHILIPPINES HOLDINGS, INC.

TO OUR STOCKHOLDERS:

Please take notice that the Annual Meeting of Stockholders of Keppel Philippines Holdings, Inc. shall be conducted at the KPH Meeting Room, Unit 3-B Country Space 1 Building, 133 Sen. Gil Puyat Avenue, Salcedo Village, Barangay Bel-Air, Makati City on 18 June 2021, Friday, at 11:30 a.m. The meeting shall be held through remote communication via WebEx online meeting due to the COVID-19 global pandemic.

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 19 June 2020
4. Presentation of the 2020 Annual Report and Approval of the 2020 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 2021-2022
7. Directors' Remuneration
8. Appointment of External Auditor
9. Such other matters as may properly come up before the Meeting
10. Adjournment

The Board of Directors has fixed the close of business on 20 May 2021 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 2021 are entitled to notice of, and to vote at, this meeting.

Stockholders intending to participate via remote communication shall send a notification/confirmation of their attendance by e-mail to info@keppelph.com on or before 14 June 2021.

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
Corporate Secretary

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
   __X___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 : 18 June 2021
   Time : 11:30 a.m.
   Place : KPHI Meeting Room, Unit 3-B Country Space 1 Building, 133 Sen. Gil Puyat Avenue, Salcedo Village, Barangay Bel-Air, Makati City
   (Through remote communication via WebEx online meeting)

9. Approximate date on which the Information Statement is first to be sent or given to security holders: 27 May 2021. *Pursuant to SEC Notice dated 16 March 2021 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, the same will be available at KPHI's website www.keppelph.com and via Philippine Stock Exchange (PSE)'s website – PSE Edge Portal.*

10. In case of Proxy Solicitations: NOT APPLICABLE

    Name of Person Filing the Solicitation Statement:
    Address and Tel. No.

11. Securities registered pursuant to Sections 8 and 12 of the Code or Section 4 and 8 of the RSA:

Title of Each Class	Number of Shares of Common Stock Outstanding (As of 30 April 2021)
Class 'A' Common	36,065,970
Class 'B' Common	21,552,349
	57,618,319 (Net of 15,555,181 Treasury shares)

12. Are any or all of registrant's securities listed on the Philippines Stock Exchange?
    Yes __X__ 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 : 18 June 2021
Time : 11:30 a.m.
Place : KPHI Meeting Room, Unit 3-B Country Space 1 Building, 133 Sen. Gil Puyat Avenue, Salcedo Village, Barangay Bel-Air, Makati City (Through remote communication via WebEx online meeting)

Complete Mailing Address of Principal Office of Registrant:
Keppel Philippines Holdings, Inc.
Unit 3-B Country Space 1 Building
133 Sen. Gil Puyat Avenue
Salcedo Village, Barangay Bel-Air, Makati City 1200

Stockholders intending to participate via remote communication shall send a notification/confirmation of their attendance by e-mail to info@keppelph.com on or before 14 June 2021.

(b) The approximate date on which the information statement is to be sent and given to the security holders shall be 27 May 2021. *Pursuant to SEC Notice dated 16 March 2021 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, the same will be available at KPHI's website www.keppelph.com and via Philippine Stock Exchange (PSE)'s website – PSE Edge Portal.*

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

2. Dissenters' Right of Appraisal

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

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

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

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

B. CONTROL AND COMPENSATION INFORMATION

4. Voting Securities and Principal Holders Thereof

   (a) Class of Voting Shares as of 30 April 2021:

Class of Voting Shares	No. of Shares Outstanding	Nationality	%	No. of Vote Each Shares Entitled
Class 'A' Common Shares	36,065,970	Filipino	62.59	One (1) vote per share
Class 'B' Common Shares	3,894,776	Filipino	6.76	One (1) vote per share
Class 'B' Common Shares	17,657,573	Foreign	30.65	One (1) vote per share
Total Common Shares	57,618,319		100.00	One (1) vote per share

(b) All stockholders of record as of 20 May 2021 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 8 May 2020, and the Company's internal rules and procedures for voting through remote communication or in absentia. The Guidelines on Participation 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 2021 are as follows:

Title of Class	Name, Address of record owner and Relationship with Issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Shares Held	Percent
Common	Kepwealth, Inc. [a] Unit 3-B, Country Space I Bldg., 133 Sen. Gil Puyat Ave. Salcedo Village, Barangay Bel-Air, Makati City	Alan I. Claveria (Director)	Filipino	Class 'A': 28,817,182 Class 'B': 1,715,748 30,532,930	52.99
Common	Keppel Corporation Limited [b] 1 Harbour Front Ave, #18-01, Keppel Bay Tower, Singapore 098632	Kevin Chng Chee Keong (Director)	Malaysian	Class 'B': 16,894,087	29.32
Common	PCD Nominee Corp. - Filipino [c] 37/F, Enterprise Bldg., Ayala Ave., Makati City		Filipino Filipino Foreign	Class 'A': 4,671,479 Class 'B' 2,093,946 Class 'B': 545.274 7,310,699	12.69

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

b. *Keppel Corporation Limited (KCL) is listed in the Singapore Stock Exchange. The Chairman of the Board or in his absence, the President or in his absence the Chairman of the meeting shall have the right to vote or direct voting or disposition of the shareholdings of KCL in the Company.*

c. *PCD Nominee Corp. is a wholly-owned subsidiary of the Philippine Central Depository, Inc. (PCD). It is the registered owner of the shares in the books of the Company's transfer agents in the Philippines. The beneficial owners of such shares are PCD's participants. PCD holds the shares on their (beneficial owners) behalf or on behalf of their (PCD) clients. PCD is a private company organized by the major institutions actively participating in the Philippine capital markets to implement an automated book-entry system of handling securities transactions in the Philippines. There are no other clients of PCD-Nominee Corp. that are reported to own more than 5% of the Company's total outstanding and issued common shares.*

(2) Security Ownership of Directors and Management as of 30 April 2021:

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

*elected as of May 7, 2021 Board of Directors Meeting and replaced Lory-Anne P. Manuel-McMullin who resigned in March 2021.

(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 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, 48, Malaysian, has been elected as Chairman of the Board on 8 May 2020. He joined Keppel Corporation Limited as General Manager of Group Risk Compliance in November 2016. He assumed the role of Chief Financial Officer, Keppel Offshore & Marine from January 1, 2020. He had been with the Credit Suisse Group in Singapore and Hong Kong for 16 years where he last served as their Regional Head of Internal Audit (Asia Pacific). Being part of the global audit leadership team, he was in-charge of delivering risk-based audit plans and maintaining oversight of the region's consolidated risks. This included annual and continuous risk assessments, as well as the development of audit approaches taking into consideration changes in risk profile, market, and operating environment. He was based in Australia in the earlier part of his career and took on roles in the areas of audit and risk management with Price Waterhouse and Ord Minnett Group. He started his career with Price Waterhouse Singapore, having graduated with a Bachelor of Commerce (Accounting and Information System) with Merit degree from the University of New South Wales. He is a Chartered Accountant with Chartered Accountants Australia & New Zealand (previously the Institute of Chartered Accountants Australia).

2. Alan I. Claveria, 50, Filipino, has been elected as President and appointed as regular Director of the Company on 14 September 2017. Prior to his appointment, he was the Senior Manager, Administration and Corporate Affairs of Keppel Philippines Marine, Inc. He is concurrently the President and Director of Consort Capital, Inc. He also holds the position of Treasurer and Director in KPSI Property, Inc., and other Keppel companies in the Philippines. He provides advice in matters relating to corporate affairs and communication, administration, and human resources, drawing from his experience from holding various positions in Keppel's different business units involved in shipbuilding and ship repair, towage and salvage, investment, and real estate. Mr. Claveria holds a Master's in Business Administration degree from the Ateneo Graduate School of Business and finished BS Management, Major in Legal Management at the Ateneo de Manila University. He has been with Keppel in the Philippines for over 20 years.

3.. Celso P. Vivas, 74, Filipino, has been elected as 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 Management Committee (ARMC). He is an Independent Director and Chairman of the Audit Committee of Keppel Philippines Marine, Inc. and Independent Director and member of the Audit Committee of Keppel Philippines Properties, Inc. Mr. Vivas is also an Independent Director of Megawide Construction Corp., Chairman of its Audit and Compliance Committee, and member of both the Board Risk Oversight and Governance, Nomination and Remuneration Committee. He is also an Independent Director of Republic Glass Holdings Corp., Chairman of its Governance, Nomination and Remuneration Committee, and member of the ARMC. He is also an Independent Director of Goodsoil Marine Realty, Inc., Goodwealth Realty Development, Inc., subsidiaries of the Company, Independent director of Keppel Subic Shipyard, Inc. and regular director of Consort Land, Inc. 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, 71 years old, Filipino, has been elected as Independent Director of Keppel Philippines Holdings, Inc. on 14 September 2017. He is also the Independent Director of Keppel Philippines Properties, Inc. from November 1999 to June 2008. He was re-elected as Independent Director in 2009 and is currently the Chairman of the Audit Committee of Keppel Philippines Properties, Inc. He was elected as Independent Director of Keppel Philippine Marine, Inc. and Keppel Subic Shipyard, Inc. in June 2020. 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., 71, Filipino, has been elected as Independent Director of Keppel Philippines Holdings, Inc. on 19 June 2020. He was the President and Director of Unicapital Securities Inc. (Stockbroker) from 2001 to March 2019 and Managing Director of Unicapital, Inc (Investment House) from 2003 to March 2019. He was an Advisory Board Member of Basic Energy Corporation (listed company) from 2012 to 2019 and Director of Des Eaux Utilities Corp from 2007 to March 2019. He was an Independent Director of Royal Bank of Scotland, Manila Branch from 2002 to 2009 and Anglo Philippines Holdings (listed company) from 2004 to 2007. He was previously 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, 48, Malaysian, has been elected as regular Director of the Company since June 2007 and had been the President from same period until 14 September 2017. He has been a regular Director of Keppel Philippine Properties, Inc. since June 2007 and has been elected as regular Director of Keppel Philippines Marine, Inc. in February 2010 and Executive Vice-President in June 2011. He is also a regular Director of various Keppel companies in the Philippines. Mr. Tong graduated from University of Western Australia with a Bachelor's Degree in Accounting and Finance (Honors). He is a Chartered Accountant and a member of the Chartered Accountants Australia and New Zealand. He has more than 20 years of experience in banking, finance, and real estate.

7. Felicidad V. Razon, 60, Filipino, has been elected as 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 the Compliance Officer / Corporate Information Officer of the Company. She is also a Chairman/President of Goodsoil Marine Realty, Inc. and Goodwealth Realty Development Corp., Director and President of Consort Land, Inc. and regular director and officer of KPH related companies. Prior to Keppel Group, Ms. Razon has been Finance Manager/Officer of various local companies involved in manufacturing, shipping and freight forwarding. She graduated from Polytechnic University of the Philippines with Bachelor of Science Degree in Commerce Major in Accountancy and is a Certified Public Accountant. She has more than 30 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 19 June 2020) 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 last 07 May 2021. Hereunder is the Final List of Candidates:

Nominee	Nominating Person or Group	Relationship with the Nominee
Kevin Chng Chee Keong (Chairman)	Felicidad V. Razon	None
Celso P. Vivas (Lead Independent Director)	Alan I. Claveria	None
Ramon J. Abejuela (Independent Director)	Alan I. Claveria	None
Leonardo R. Arguelles, Jr. (Independent Director)	Alan I. Claveria	None
Stefan Tong 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 and further amended on 26 July 2018 provides for the procedure for the nomination and election of Independent Directors pursuant to SRC Rule 38, as amended.

The nominees for the Board of Directors for the ensuing calendar year are as follows:
(1) Kevin Chng Chee Keong – Chairman of the Board
(2) Alan I. Claveria
(3) Celso P. Vivas – Lead Independent Director
(4) Ramon J. Abejuela – Independent Director
(5) Leonardo R. Arguelles, Jr. – Independent Director
(6) Stefan Tong Wai Mun
(7) Felicidad V. Razon

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

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

While Mr. Vivas has served as Independent Director for a cumulative term of nine (9) years, it is essential to note that his extensive experience and unquestionable familiarity on the operations of the Company, render 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 Management Committee, the Corporate Governance and Nomination Committee and the Board of Directors' level, 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. Clearly, despite maximizing the 9-year term, the re-election of Mr. Vivas for another term will prove beneficial in even more 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) Ma. Melva E. Valdez, Corporate Secretary, 61, Filipino, has been the Corporate Secretary of the Company since 1999. She also served as Director of the Company from 24 June 2008 to 11 June 2009. She is a Senior Partner of the law firm of Bello Valdez & Fernandez; she is also the Corporate Secretary of Mabuhay Vinyl Corporation (listed company) and Keppel Philippines Marine, Inc. She is likewise the Corporate Secretary of Keppel Subic Shipyard, Inc., Keppel Batangas Shipyard, Inc. and various Keppel companies in the Philippines, EMS Resources Technology Inc., EMS Services Philippines, Inc., EMS Services International Inc., Creotec Philippines Inc., Wartsila Philippines Inc., Asian Institute of Management, Calamba Medical Center, Inc., Calamba Cancer, Inc., Kopiko Philippines Corporation, Hi-P Philippines Technology Corporation and Gruppo EMS Inc. Atty. Valdez likewise holds directorship position in the following companies: Leighton Contractors (Phils.), Inc., Cambe Dental Billing Services, Inc., Suretrac Holdings Inc., Asia Contractors Holdings Inc., Logwin Air+Ocean Philippines Inc., KPSI Property Inc., Opon Realty & Development Corp., Opon-Ke Properties Inc., and Asia Control Systems Philippines, Inc. 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 current Deputy Chairperson of the Membership Committee of the Inter-Pacific Bar Association. She has more than 35 years of working experience in her field of profession as a lawyer.

(d) Pamela Ann T. Cayabyab, 38, Filipino, has been elected as the Asst. Corporate Secretary of the Company effective 7 May 2021. She has been the Asst. Corporate Secretary of Mabuhay Vinyl Corporation (a publicly-listed company) and MVC Properties since November 2020; Fujita Philippines Construction and Development, Inc, since April 2017; Brother Industries Philippines, Inc. and Brother International Philippines Corp. since May 2015; Nachi Pilipinas Industries, Inc. since February 2015; PPG Coatings (Philippines) Inc. since March 2012; Tosoh Polyvin Corporation since March 2011 and various non-stock condominium corporations. Atty. Cayabyab is a Senior Associate of Bello Valdez & Fernandez. She obtained her Bachelor of Arts in Political Science from the University of the Philippines – Diliman in 2003 and her Juris Doctor degree from the Ateneo de Manila University School of Law in 2007. She was admitted to the Philippine Bar in 2008.

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

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

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

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

Name	Nationalities
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 14, there are no material legal proceedings that the Company or its subsidiary is a party.

(7) Certain Relationships and Related Transactions

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

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

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

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

6. Compensation of Directors and Executive Officers

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

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

Name & Principal Position	Year	Salary (₱)	Bonus	Other Compensation
Aggregate for all officers	2021 - Estimate	8,635,000	None	None
	2020	8,611,000	None	None
	2019	8,375,000	None	None
Aggregate for all directors	2021	None	None	None
	2020	None	None	None
	2019	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 2020, the directors did not receive any compensation except for the directors' fee amounting to ₱60,000 each and the same amount is budgeted for 2021 as annual directors' fee. 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 or officer 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.

(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 2020 is Isla Lipana & Co. (PwC). The Audit and Risk Management 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 2021. The same shall be submitted to the stockholders for approval at the forthcoming annual stockholders' meeting.

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

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

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

(c) The aggregate annual external audit fees billed for each of the last two (2) fiscal years for the audit of the Company's annual financial statements or services that are normally provided by the external auditor amounted to ₱0.5 million both for 2020 and 2019 for Audit, other Assurance and Related Fees and none for Tax Fees and All Other Fees.

(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 2020.

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 2020 Annual Meeting of the Stockholders

Approval of the Minutes of the 2020 Annual Stockholders' Meeting 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 19 June 2019, Presentation of the 2019 Annual Report and Approval of the 2019 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 2020 - 2021, Approval of Directors' Remuneration, and Appointment of External Auditor.

This does not constitute a second approval of the same matters taken up at the 2020 Annual Stockholders' Meeting which had already been approved.

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 and 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 19 June 2020 to 7 May 2021. 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 2020 to May 2021)

19 June 2020 (Regular Meeting)	• Approval of Directors' Remuneration for 2020 • Approval of Cash Dividend Declaration
19 June 2020 (Organizational Meeting)	• Election of Officers for ensuing year 2020 - 2021 • Appointment of Chairmen, Members of Various Committees and Compliance Officer/Corporate Information Officer
7 August 2020 (Regular Meeting)	• Approval of Y2020 2nd Quarter Financial Results (SEC Form 17-Q) and Interim Results
6 November 2020 (Regular Meeting)	• Approval of Y2020 3rd Quarter Financial Results (SEC Form 17-Q)
29 January 2021 (Regular Meeting)	• Appointment of External Auditor • Approval of the 2020 Consolidated and Parent Company Audited Financial Statements and SEC Form 17-A (Annual Report) and the Release thereof • Setting of the Annual Meeting of Stockholders and Record Date
07 May 2020 (Regular Meeting)	• Approval of Y2021 1st Quarter Financial Results (SEC Form 17-Q) • Presentation by CGNC of the Final List of Candidates for Regular and Independent Directors • Approval of the 2020 I-ACGR • Election of Assistant Corporate Secretary

(b) Election of members of the Board of Directors for the year 2021 - 2022
(c) Directors' Remuneration
(d) 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; 4) Directors' Remuneration; and 5) Appointment of External Auditor.

(b) 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.

(c) 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.

(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. 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.

(e) According to the Company's Guidelines for Participation and Voting in absentia for 2021 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 2021 Open Forum/Questions" to info@keppelph.com on or before 14 June 2021.

PART II

INFORMATION REQUIRED IN A PROXY FORM
(This form shall be prepared in accordance with paragraph (5) of SRC Rule 20)

NOT APPLICABLE

PART III

SIGNATURE PAGE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct. This report is signed in the City of Pasig on 14 May 2021.

KEPPEL PHILIPPINES HOLDINGS, INC.

By:

MA. 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 "KPH" or "Company") was incorporated in July 1975 under the former name of Keppel Philippines Shipyard, Inc. The Company was established as a subsidiary of Keppel Corporation Limited (KCL) of Singapore to carry out ship repair and shipbuilding activities in the Philippines. In 1993, the Company was converted into an investment holding company under the name of Keppel Philippines Holdings, Inc. KPH 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 KPH, owns and leases out the office space in Country Space 1 Building, Makati City.

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

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

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

KPH owns the following properties:

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

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

B. Legal Proceedings

In September 2003, the Company filed a complaint against Philippine National Oil Company (PNOC) for specific performance with the Regional Trial Court (RTC) in Batangas City for the enforcement of the contract relating to the option to purchase parcels of land in Batangas. Judgment was rendered in January 2006 in favor of the Company ordering PNOC to accept the payment of ₱4.1 million, which was consigned with the Clerk of Court, as full and complete payment of the purchase price, and to execute a Deed of Absolute Sale in favor of the Company. PNOC, however, filed an appeal with the Court of Appeals (CA) in the same year which was dismissed on 19 December 2011.

On 25 July 2016, Supreme Court (SC) affirmed the decision of the CA in December 2011 in the resolution dated 14 May 2012 and upheld the Parent Company's option to buy the land and remanded the case to the RTC of Batangas City to update the Parent Company's Filipino equity ownership. On 14 December 2016, SC's decision became final and executory and was recorded in the Books of Entries of Judgments. As of 31 March 2021, the Parent Company is still awaiting on the final resolution of the RTC.

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 2021 as traded at the Philippine Stock Exchange are as follows:

	2021		2020	
	High	Low	High	Low
First Quarter	'A' ₱5.50	'A' ₱4.00	'A' ₱5.97	'A' ₱4.80
	'B' ₱6.80	'B' ₱5.50	'B' ₱4.91	'B' ₱4.91
Second Quarter	'A' ₱5.50	'A' ₱4.68	'A' ₱5.00	'A' ₱5.00
	'B' ₱6.00	'B' ₱5.19	'B' ₱6.39	'B' ₱4.85
Third Quarter	'A' ₱5.11	'A' ₱4.82	'A' ₱8.99	'A' ₱3.80
	'B' ₱4.68	'B' ₱4.68	'B' ₱7.13	'B' ₱4.85
Fourth Quarter	'A' ₱7.21	'A' ₱3.51	'A' ₱6.98	'A' ₱5.02
	'B' ₱6.21	'B' ₱3.30	'B' ₱7.04	'B' ₱5.04

	2021	
	High	Low
First Quarter	'A' ₱6.00	'A' ₱4.63
	'B' ₱6.22	'B' ₱4.00

	High	Low	Closing Price
21 May 2021	'A' ₱4.96	'A' ₱4.96	'A' ₱4.96
04 May 2021	'B' ₱4.31	'B' ₱4.31	'B' ₱4.31

The number of shareholders of record as of 30 April 2021 was 420.

Common shares outstanding as of 30 April 2021 were 57,618,319 broken down as follows:

Nationality	Class	No. of Shares	%
Filipino	A	36,065,970	62.59
Filipino	B	3,894,776	6.76
Foreign	B	17,657,573	30.65
Total		57,618,319	100.00

The Company has 17.69% or 10,191,258 shares owned by the public out of the 57,618,319 total outstanding shares as of 30 April 2021.

Top 20 Stockholders as of 30 April 2021 are as follows:

	Shareholders	No. of Shares Held	%
1.	Kepwealth, Inc.	30,532,930	52.992
2.	Keppel Corporation Ltd.	16,894,087	29.321
3.	PCD Nominee Corp. – Filipino *	6,765,425	11.742
4.	International Container Terminal Services, Inc,	2,121,287	3.692
5.	PCD Nominee Corp. – Foreign *	544,974	0.946
6.	Soh Ngoi May	83,179	0.144
7.	Willy Y. C. Lim	60,175	0.104
8.	Edbert G. Tantuco	50,017	0.087
9.	Emilio C. Tiu	23,238	0.040
10.	National Book Store, Inc.	22,422	0.039
11.	Ang Guan Piao	21,900	0.038
12.	Manolo Z. Alcasabas	21,170	0.037
13.	Willy Yew Chai Lim	20,085	0.035
14.	Yeo Chee Chiow	18,848	0.033
15.	Liwayway Sy	17,938	0.031
16.	Ma. Victoria R. Del Rosario	17,938	0.031
17.	Ramon R. Del Rosario Jr.	17,938	0.031
18.	Dr. Victorino Medrano Jr. &/or Ofelia R. Medrano	13,952	0.024
19.	Procurador General De Padres Franciscano De Manila	11,211	0.019
20.	Josefina Tengco Reyes	11,211	0.019

Top 20 Stockholders of Class "A" shares out of 36,065,970 shares as of 30 April 2021 are as follows:

	Shareholders	No. of Shares Held	%
1.	Kepwealth, Inc.	28,817,182	79.901
2.	PCD Nominee Corp. – Filipino	4,671,479	12.953
3.	International Container Terminal Services, Inc,	2,121,287	5.882
4.	Emilio C. Tiu	23,238	0.064
5.	National Book Store, Inc.	22,422	0.062
6.	Ma. Victoria R. Del Rosario	17,938	0.050
7.	Ramon R. Del Rosario Jr.	17,938	0.050
8.	Liwayway Sy	17,938	0.050
9.	Dr. Victorino Medrano, Jr. &/or Ofelia R. Medrano	13,952	0.039
10.	Josefina Tengco Reyes	11,211	0.031
11.	Procurador General de Padres Franciscano de Manila	11,211	0.031
12.	Barcelon Roxas Securities, Inc.	9,924	0.028
13.	Denis L. Lipio ITF Elizah Anne Lipio	9,697	0.027
14.	Ronald L. Lipio ITF Frederick Brian Lipio	9,697	0.027
15.	Prudencio B. Zuluaga	8,969	0.025
16.	Justino H. Cacanindin	8,969	0.025
17.	Roberto Tan Lim	8,969	0.025
18.	Tomas L. Tiu	8,969	0.025
19.	Nancy Saw	8,230	0.023
20.	Ignacio A. Tuazon	7,819	0.022

Top 20 Stockholders of “Class B” shares out of 21,552,349 shares as of 30 April 2021 are as follows:

	Shareholders	No. of Shares Held	%
1.	Keppel Corporation Ltd.	16,894,087	78.386
2.	PCD Nominee Corporation – Filipino *	2,093,946	9.716
3.	Kepwealth, Inc.	1,715,748	7.961
4.	PCD Nominee Corp. – Non- Filipino *	544,974	2.530
5.	Soh Ngoi May	83,179	0.386
6.	Willy Y.C. Lim	60,175	0.279
7.	Edbert G. Tantuco	44,059	0.204
8.	Ang Guan Piao	21,900	0.102
9.	Manolo Z. Alcasabas	21,170	0.098
10.	Willy Yew Chai Lim	20,085	0.093
11.	Yeo Chee Chiow	18,848	0.087
12.	Solidbank Trust Division as Sub-Custodian	8,000	0.037
13.	CBNA MLA OBO A/C # 6011800001	7,294	0.034
14.	Franciscan Phil Province	4,484	0.021
15.	Ronald Co &/or Susana Co	1,815	0.008
16.	Lee Patt Yong	1,663	0.008
17.	Keppel Marine Industries Limited	1,594	0.007
18.	BPI TA # 13115826	1,303	0.006
19.	Citibank Mla OBO BBH (Lux) Sub A/C Fidelity	1,195	0.006
20.	Fernando Y. Adrias	1,135	0.005

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 2020, 2019 and 2018. Cash dividend details are as follows:

	Y2020	Y2019	Y2018
Date of BOD Approval	June 19	June 21	June 22
Record Date	July 9	July 5	July 6
Payment Date	July 31	July 31	July 31
Amount of Dividend per Share	₱0.10 or 10%	₱0.10 or 10%	₱0.10 or 10%

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

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

Results for the 1st Quarter March 2021

Keppel Philippines Holdings, Inc. ("KPHI" or the "Parent Company") and its subsidiaries (collectively referred to as "the Company") earned a net income of P0.7 million for the first quarter ended March 31, 2021, 92% lower than P8.3 million during the same period last year. The reasons for the changes in net income are discussed as follows:

Rental revenue for the quarter ending March 31, 2021 amounted to P2.8 million, 69% lower than the same period last year of P9.0 million. The decrease was due to the termination of the lease rental on properties in Bauan, Batangas to a third party in December 2020.

The Company earned interest income of P2.2 million as of March 31, 2021, 39% lower than the same period last year of P3.6million. The decrease in net interest income was due to the lower short-term loan balance as of March 31, 2021 of P250.0 million as against last year same period of P262.0 million. The interest rates also decreased from average of 4.8% per annum as of March 31, 2020 to 3.3% this period.

During the first quarter of the year, the Company recognized lower equity in net earnings of an associate of P1.7 million, 37% lower than the same period last year of P2.8 million. The decrease in equity share was due to lower net income of P6.9 million as against same period last year of P11.0 million recognized by the associate brought by the lower power sales distribution revenue by 44% partly offset by lower operating costs by 37%.

In February 2020, the Parent Company entered into a payroll service agreement with related companies with regards to the payroll system upgrade of the Parent Company, KPMI and KSSI. From February to December 2020, the total payroll service charges amounted to P1.1 million. For the first quarter ended March 31, 2021, the payroll service fees amounted to P0.6 million.

Management fees charged to related parties amounted to P0.2 million both for the periods ended March 31, 2021 and 2020.

This quarter's operating expenses of P6.7 million is almost at the same level as last year. Professional fees increased by P0.8 million, depreciation and amortization by P0.3 million while salaries and benefits decreased by P0.5 million, contractual services by P0.4 million and provision for impairment by P0.2 million.

Financial Condition

The cash position of the Company as of March 31, 2021 amounted to P73.3 million, 9% lower than the P80.4 million recorded as of December 31, 2020. The decrease was due to the net cash used in operating activities of P8.6 million, acquisition of air-conditioning compressor of P0.4 million and cash dividend paid to shareholder of GRDC of P0.2 million. The decrease was partially offset by interest received from short-term loans and time deposits of P2.2 million.

Total receivables, both current and non-current, net of allowance amounted to P283.2 million and P282.6 million as of March 31, 2021 and December 31, 2020, respectively. There was no repayment of loan during the first quarter of 2021.

Other current assets as of this period increased to P4.7 million as against P0.4 million as of December 31, 2020. This was mainly due to the prepayments for real property tax and business tax of P3.2 million and other advances to service providers and others of P1.1 million.

Financial assets at fair value through other comprehensive income was revalued at P35.5 million this period as against December 31, 2020 of P35.0 million.

Investments in associates increased from P419.1 million as of December 31, 2020 to P420.8 million as of March 31, 2021. The increase of P1.7 million was due mainly to the recognition of equity in net earnings of associate.

Fixed assets as of March 31, 2021 that amounted to P213.0 million was almost at the same level as of December 31, 2020. The Group acquired air-conditioning compressor amounting to P0.4 million. There was also disposal of fully depreciated old equipment amounting to P0.2 million.

Total liabilities as of March 31, 2021 and December 31, 2020 amounted P11.1 million and P11.8 million, respectively. The decrease of P0.7 million was due to payment of accruals in prior year and return of advance rental and deposit of an external party.

The equity attributable to equity holders of the Parent Company as of March 31, 2021 amounted to P659.4 million as against last December 31, 2020 of P660.0 million. The decrease was due to lower net income attributable to the Parent Company of P.9 million and cash dividend declared to GRDC's shareholder of P0.2 for the quarter ending March 31, 2021. This was partially offset by fair value gain on available for sale financial assets by P0.5 million.

Non-controlling interests as of March 31, 2021 amounted to P364.2 million as against last December 31, 2020 of P362.7 million. The increase was due to net income attributable to the noncontrolling interests of P1.5 million for the quarter ending March 31, 2021.

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 P11.44 as of March 31, 2021 was almost same level as of December 31, 2020 of P11.45 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 was at negative of P0.015 per share for the period ending March 31, 2021, as against P0.104 per share recorded as of March 31, 2020.

Year Ended 2020

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

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

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

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

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

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

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

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

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

Financial Condition

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

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

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

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

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

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

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

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

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

Year Ended 2019

Keppel Philippines Holdings, Inc. ("KPHI" or the "Parent Company") and its subsidiaries (collectively referred to as "the Company) recorded a net income of ₱26.6 million in 2019, higher than ₱14.2 million in 2018 and lower than ₱54.9 million in 2017. KPH has higher revenue of ₱57.0 million in 2019, as against ₱48.5 million in 2018, and lower than ₱91.2 million in 2017. Operating expenses which decreased from ₱31.4 million in 2018 to ₱27.8 million in 2019 and slightly higher than in 2017 of ₱23.6 million, contributed to the increase in net income. Revenues in 2019 were mainly from rental income, interest earned from loans and short-term deposits, equity in net earnings of an associate, and management fees.

Rental revenue for the year amounted to ₱28.5 million as against rental revenue of ₱22.7 million and ₱18.0 million in 2018 and 2017, respectively. Lease of properties to third parties contributed to the increase in revenue which amounted to ₱15.3 million in 2019 as compared with ₱9.5 million and ₱4.3 million in 2018 and 2017, respectively. Rental from affiliates amounted to ₱13.2 million both for 2019 and 2018 and ₱13.7 million in 2017.

The Company earned interest income of ₱18.3 million in 2019, ₱12.2 million in 2018, and ₱12.5 million in 2017. The interest earned from the loans granted to a related company amounted to ₱16.5 million in 2019, ₱10.7 million in 2018 and ₱11.5 million in 2017. The increase was due to higher interest rates ranging from 4.8% to 7.0% as against 3.0% to 6.3% in 2018 and 2.8% to 3.5% in 2017. There was no repayment of loan in 2019. Interest rates are agreed upon with related party on a comparable market rate basis on date of granting or renewal of the loan. The Company also earned interest from short-term deposits amounted to ₱1.8 million, ₱1.5 million, and ₱0.9 million in 2019, 2018 and 2017, respectively.

In 2018, the Company realized a gain on the sale of investment properties of ₱1.9 million from sale of its residential unit at Batangas City as compared to the gain recognized in 2017 amounting to ₱49.6 million from the sale of its condominium units in Makati City, Cebu City and residential unit at Batangas City. The proceeds received from the sale of properties amounted to ₱2.3 million in 2018 as against ₱51.7 million in 2017. There was no sale of investment property in 2019.

The equity in net earnings of associate - CLI as of 31 December 2019 amounted to ₱8.9 million, compared to ₱10.0 million and ₱8.7 million in 2018 and 2017, 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 ₱10.5 million in 2019, ₱8.7 million in 2018 and ₱3.5 million in 2017.

Management fees charged to related parties amounted to ₱0.8 million both for 2019 and 2018 compared to ₱1.8 million in 2017. The number of related companies being served by the Parent Company remained the same for both 2019 and 2018.

Operating expenses amounted to ₱27.8 million, ₱31.4 million, and ₱23.6 million in 2019, 2018 and 2017, respectively. The decrease in expenses was brought mainly by: a) lower salaries & benefits due to lower accrual of retirement plan benefits and bonuses; b) lower repairs and maintenance relating to properties for rent; and c) lower taxes and licenses paid to local government. The decrease was offset by increases in a) provision for impairment on creditable withholding tax; and b) rental expense relating to properties for rent.

The Company have unrealized fair value gain on financial asset fair value through other comprehensive income of ₱2.0 million in 2019 and ₱15 million in 2018. The Company also recognized this year ₱0.2 million remeasurement gain on retirement benefits assets, net of tax, based on actuarial of retirement plan funded this December 2019.

Financial Condition

The cash position of the Company for the year ended 31 December 2019 amounted to ₱50.7 million as against the same period last year of ₱39.5 million. The increase of ₱11.2 million was brought mainly by interest income received from loans and deposits of ₱18.4 million and receipt of dividends from CLI of ₱10.5 million. This was partially offset by payment of dividends of ₱5.8 million, funding of retirement benefit amounting to ₱10.6, and net cash used for operating activities of ₱1.0 million.

Total receivables both current and non-current this year amounted to ₱306.2 million as against last year of ₱305.6 million. The net increase of ₱0.6 million was brought by lease rental and interest receivable from bank deposits and loans.

Other current assets increased to ₱0.5 million as against ₱0.1 million last year. The decrease was due to lower input VAT net applied against output tax and lower advances to employees and other deposits.

Available-for-sale financial assets related to a quoted club share at fair value price as of December 2019 and 2018 amounting to ₱37.0 million and ₱35.0 million, respectively.

Investment in an associate decreased from ₱421.7 million in 2018 to ₱420.2 million this year. The net decrease was due to equity share in net income of CLI of ₱8.9 million reduced by the cash dividend received this year amounting to ₱10.5 million.

Investment properties and Property and equipment remained about the same at ₱205.4 million in 2018 to ₱205.5 million this period.

Total liabilities decreased from ₱19.2 million in 2018 to ₱8.7 million this year. The decrease of ₱10.6 million was due to a) payment of retirement benefit trust fund amounting to ₱10.6 million; b) lower security deposits by ₱1.2 million; c) decrease in income tax payable by ₱0.4 million; and d) net increase in accrual of operating expenses of ₱1.6 million.

Total equity as of 31 December 2019 amounted to ₱1,016.1 million and ₱993.1 million in December 2018. Retained earnings amounted to ₱489.3 million as of December 2019 as compared to ₱476.7 million in December 2018. The increase in retained earnings was due to higher net income after non-controlling interests of ₱18.3 million partially offset by cash dividend of ₱5.8 million. The Company also had unrealized gain on fair value of financial asset at fair value through other comprehensive income of ₱2.0 million and remeasurement gain on retirement benefits, net of tax of ₱0.2 million. Non-controlling interest of minority shareholders also recognized ₱8.2 million share in the net income of the Company.

The equity attributable to equity holders of the parent amounted to ₱649.6 million and ₱634.9 million as of December 2019 and 2018, respectively. The net book value per share as of December 2019 was ₱11.24 as against December 2018 of ₱10.98. The earnings per share attributable to the equity holders of the parent as of December 2019 and 2018 were ₱0.32 and ₱0.09, respectively.

Year Ended 2018

Keppel Philippines Holdings, Inc. ("KPHI" or the "Parent Company") and its subsidiaries (collectively referred to as "the Company") recorded a net income of ₱14.2 million in 2018, lower compared to ₱54.9 million in 2017 and ₱23.8 million in 2016. The decrease was primarily due to the lower revenue during the year at ₱48.5 million as against ₱91.2 million in 2017, and ₱44.7 million in 2016. Operating expenses, which increased to ₱31.4 million in 2018 from ₱23.6 million in 2017 and ₱16.7 million in 2016, also contributed to the decline in Net Income. This was partially offset by the lower income tax expense of ₱2.9 million this 2018 as against ₱12.8 million and ₱4.2 million in 2017 and 2016, respectively. Revenues in 2018 were mainly from rental income, interest earned from loans and short-term deposits, equity in net earnings of an associate, gain on sale of investment properties and management fees.

Rental revenue for the year amounted to ₱22.7 million as against ₱18.0 million and ₱20.5 million in 2017 and 2016, respectively. Decrease in rental revenue was expected the year due to the sale in 2017 of condominium and residential units situated in Makati City and Cebu City. This, however, was more than offset by a new lease on properties in Batangas City to a third party which contributed about ₱ 8.7 million in rental.

The Company earned interest income of ₱12.2 million in 2018, ₱12.5 million in 2017, and ₱10.6 million in 2016. The interest earned from the loans granted to a related company amounted to ₱10.7 million in 2018, ₱11.5 million in 2017 and ₱10.0 million in 2016. The decline in interest earned from loans to a related company was due to prepayment of long-term loan amounting to ₱87.5 million. Interest rates are agreed upon with related party at arms-length based on the lowest commercial loan rates on date of granting or renewal of the loan. The Company also earned interest from short-term deposits amounting to ₱1.5 million, ₱0.9 million, and ₱0.6 million in 2018, 2017 and 2016, respectively.

The Company realized a gain on sale on investment properties of ₱1.9 million from the sale of another residential unit at Batangas City during the year as against the gains recognized in 2017 amounting to ₱49.6 million from the sale of its condominium units in Makati City, Cebu City and a residential unit in Batangas City. The proceeds received from the sale of properties amounted to ₱2.3 million in 2018 as against ₱52.9 million in 2017.

The equity in net earnings of associate CLI as of 31 December 2018 amounted to ₱10.0 million, higher than ₱8.7 million in 2017 and slightly lower than the ₱10.3 million recorded in 2016. The Company received cash dividend from CLI amounting to ₱8.7 million in 2018, ₱3.5 million in 2017 and ₱11.1 million in 2016.

Management fees charged to related parties amounted to ₱0.8 million, ₱1.8 million and ₱1.4 million in 2018, 2017, and 2016, respectively. The decrease was due to the lower number of related companies being served by the Parent Company.

Operating expenses amounted to ₱31.4 million, ₱23.6 million, and ₱16.7 million in 2018, 2017 and 2016, respectively. The increase in expenses was brought mainly by: a) higher salaries & benefits due to accrual of retirement plan benefits for the staff; b) higher professional (legal) fees; c) repairs and maintenance relating to properties for rent and d) travel and transportation.

The Company have unrealized fair value gain on financial assets at fair value through other comprehensive income of ₱15.0 million in 2018, and unrealized fair value gain on Available for Sale financial assets of ₱0.5 million in 2017 and ₱3.7 million in 2016.

Financial Condition

The cash position of the Company for the year ended 31 December 2018 amounted to ₱39.5 million as against ₱87.9 million at year-end 2017. The decrease of ₱48.4 million in cash position was brought about by a ₱30.0 million increase in loans granted, net of repayment; payment of dividends of ₱40.3 million; and net cash used for operating activities of ₱0.6 million. These however were partially offset by interest income received from loans and deposits of ₱11.5 million; receipt of dividends from CLI of ₱8.7 million; and proceeds from the sale of investment properties in Batangas City of ₱2.3 million.

Total receivables both current and non-current this year amounted to ₱305.6 million as against last year's ₱276.0 million. The increase was brought about mainly by the granting of new short-term loans amounting to ₱150.0 million with 88 to 90-day term and bearing interest of 3.2% to 6.3%, subject to renewal upon maturity. This was partially offset by the repayment of short-term and long-term loans of ₱120.0 million.

Other current assets increased to ₱1.0 million as against ₱0.7 million last year. The increase was due to higher creditable withholding tax received not fully applied against income tax expense which was subjected to provision for impairment losses. This was partially offset by lower input VAT net applied against output tax and lower advances to employees.

Available-for-sale financial assets related to a quoted club share at fair value price as of December 2018 amounting to ₱35.0 million was reclassified as Financial assets at fair value through other comprehensive income. Available-for-sale financial assets in 2017 amounted to ₱20.0 million.

Investment in an associate increased from ₱420.4 million in 2017 to ₱421.7 million this year. The increase was mainly due to equity share in net income of CLI of ₱10.0 million, which was partially offset by the cash dividend received from CLI this year amounting to ₱8.7 million.

Investment properties and Property and equipment decreased from ₱206.0 million in 2017 to ₱205.4 million this period due to sale of a residential property in Batangas City with book value of ₱0.2 million and ₱0.4 million, respectively, net of depreciation and write-off of obsolete assets.

Total liabilities increased from ₱11.1 million in 2017 to ₱19.2 million this year. The ₱8.1 million increment was due to the following increases: a) accrual of operating expenses by ₱5.0 million, particularly retirement cost of ₱4.5 million; b) unearned rent by ₱0.6 million; c) payable to government agencies & others by ₱0.2 million; d) dividends payable to minority shareholders by ₱0.7 million; e) refundable deposit by ₱1.9 million; and, f) deferred income tax liability by ₱0.1 million. This was partially offset by the decrease in income tax payable by ₱0.4 million.

Total equity amounted to ₱993.1 million as of 31 December 2018 and ₱1,004.2 million in December 2017. Retained earnings amounted to ₱476.7 million as of December 2018 as compared to ₱477.2 million in December 2017, since the year's net income after non-controlling interests of ₱5.2 million was more than offset by cash dividend of ₱5.8 million.

The equity attributable to equity holders of the Parent Company amounted to ₱634.9 million and ₱620.4 million as of December 2018 and 2017, respectively. The net book value per share as of December 2018 was ₱10.98 as against December 2017 of ₱10.73. The earnings per share attributable to the equity holders of the Parent Company for the years 2018 and 2017 were ₱0.09 and ₱0.78, respectively.

Plan of Action for 2021

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

Key Performance Indicators

The key performance indicators of the Company for the last three (3) fiscal years and first quarter of 2021 are follows:

Particulars	1Q Mar 2021	2020	2019	2018
Current Ratio *(Current Assets/Current Liabilities)*	43.66	38.37	46.54	18.02
Acid Test Ratio or Quick Ratio *(Monetary Current Assets/Current Liabilities)*	43.04	38.33	46.47	17.96
Solvency Ratio * *(Net Income + Depreciation)/Total Liabilities* *(Total Assets/Total Liabilities)*	0.34 87.40	2.31 87.39	3.08 118.27	0.74 52.63
Asset to Equity Ratio	1.01	1.01	1.01	1.02
Debt Ratio *(Total Liabilities/Total Assets)*	0.01	0.01	0.01	0.02
Debt to Equity Ratio *(Total Liabilities/Stockholders' Equity)*	0.01	0.01	0.01	0.02
Return on Assets (%) * *(Net Income/Total Assets)*	0.25	2.53	2.60	1.40
Return on Equity (%) * *(Net Income/Stockholders' Equity)*	0.25	2.56	2.62	1.43
Earnings per Share Attributable to Equity Holders of Parent (₱) *	(0.06)	0.35	0.32	0.09
Book Value per Share Attributable to Equity Holders of the Parent (₱)	11.44	11.45	11.24	10.98

**Annualized*

Material Events and Uncertainties

In response to the COVID-19 global pandemic, the Philippine President issued Proclamation No. 929 (Declaring a State of Calamity Throughout the Philippines Due to Corona Virus Disease 2019) dated March 16, 2020 which placed the island of Luzon under an Enhanced Community Quarantine (ECQ) from March 17, 2020 to April 12, 2020. The ECQ in Luzon was subsequently extended up to April 30, 2020 and then to May 15, 2020 in selected areas including the National Capital Region (NCR). The government later downgraded NCR from ECQ to the Modified Enhanced Community Quarantine (MECQ) from May 16, 2020 to May 31, 2020. On June 1, 2020, NCR was further downgraded to General Community Quarantine (GCQ) protocol, where movement restrictions are more relaxed, up to June 30, 2020 and later extended to 31 July 2020. Effective August 4, 2020, NCR returned to the more stringent MECQ protocol up to August 18, 2020 to stem the increase in COVID-19 confirmed cases. Subsequently, NCR reverted to GCQ from August 19, 2020 up to December 31, 2020.

The COVID-19 global pandemic and the challenges it brings forth to the Philippine continues in 2021. During the year, the National Capital Region continued to be under the extended General Community Quarantine (GCQ) with its less stringent guidelines from January 1, 2021 to March 21, 2021. However, with COVID-19 cases spiking at an average of least 6,000 per day in March 2021 compared to 2,000 per day in February 2021, the government then put the National Capital Region (NCR), Bulacan, Laguna and Rizal (collectively known as "NCR Plus") under Enhanced Community Quarantine (ECQ) with its stricter lockdown guidelines effective March 22, 2021. Unlike the first ECQ in 2020, the public transports can operate but at reduced capacity. Likewise, curfew has been imposed in NCR Plus forcing businesses to adjust its operating hours. The NCR Plus bubble "lockdown" was later eased to the Modified Enhanced Community Quarantine (MECQ) on April 12, 2021 and has since been extended up to 14 May 2021. Most of the other areas in the Philippines remain under GCQ. The government's vaccination program has already started with medical front liners being given priority.

Business sectors allowed to operate ECQ, MECQ and/or GCQ depends on where they fall under the government's classification from Category I to Category IV, according to the essential nature of their product and service in the pandemic response and to the community.

In compliance to the government proclamations, memorandum, and guidelines and to mitigate the risk of spreading COVID-19 in the workplace, the Parent has provided alternative work options such as working from home to ensure continued business operations. The Parent continues to be in close communication with its stakeholders during 2021's GCQ, ECQ, & MECQ period that includes, among others, it's employees, lessees, borrowers, industry regulators, suppliers and service providers.

Notwithstanding the prevailing community quarantine level and the current COVID-19 situation in the Philippines, there are no known trends, commitments, events, or uncertainties that will have a material impact, whether favorable and unfavorable on the revenues or income from continuing operations of the Company. There are also no off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the Company with unconsolidated entities or other persons created during the year.

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:

		Transactions			Outstanding receivable (payable)		
Related party	Notes	2020	2019	2018	2020	2019	Terms and conditions
Entities under common control							
Loans (a)							Outstanding balance is collectible in cash, with terms of 88 to 90 days subject for renewal, interest-bearing at 3.4% to 4.9% per annum in 2020 (2019 - 4.8% to 7.0%), and unsecured.
KPMI							
Principal	3	(22,000,000)	-	150,000,000	250,000,000	272,000,000	
Interest income	3	11,256,118	16,477,352	10,720,062	1,112,281	1,364,970	
Leases (b)							
Rental income							Outstanding balance is collectible in cash within the first five (5) days of each month, non-interest bearing and unsecured.
KPMI		10,232,728	12,816,179	12,825,179	30,158,922	31,083,188	
Keppel IVI Investment, Inc. (KIVI)		300,000	300,000	300,000	-	-	
Keppel Energy and Consultancy, Inc. (KECI)		120,000	120,000	120,000	-	-	
	7	10,652,728	13,236,179	13,245,179	30,158,922	31,083,188	
Advance rentals							Outstanding balance is to be applied on the last monthly rental at end of lease term, is non-interest bearing and unsecured.
KPMI		-	-	-	(269,345)	(269,345)	
KIVI		-	-	-	(25,000)	(25,000)	
KECI		-	-	-	(10,000)	(10,000)	
	7, 10				(304,345)	(304,345)	
Refundable deposits							Outstanding balance is payable in cash within 60 days from end of lease term, non-interest bearing and unsecured.
KPMI	7	-	-	-	(269,346)	(269,346)	
Various expenses and charges (c)							Outstanding balance is collectible in cash on demand, non-interest bearing and unsecured.
KPMI		2,484,000	2,080,350	1,209,949	-	-	
KPMI		16,703	7,812	123,033	-	-	
Keppel Subic Shipyard, Inc. (KSSI)		14,345	16,309	18,621	-	1,800	

Related party	Notes	Transactions 2020	2019	2018	Outstanding receivable (payable) 2020	2019	Terms and conditions
Kepventure, Inc.		-	11,625	-	-	-	
KIVI		-	11,188	3,996	-	-	
Keppel Infrastructure Holdings Pte. Ltd.		-	10,204	-	-	10,204	
Keppel DHCS Pte. Ltd.		-	5,801	-	-	5,801	
					-	17,805	
Payroll service fees (d)							
KSSI		570,098	-	-	268,505	-	
KPMI		541,800	-	-	351,154	-	
		1,111,898	-	-	619,659	-	
Management fees (e)							
KECI		240,000	240,000	240,000	-	-	
KIVI		180,000	180,000	180,000	-	-	
Kepventure, Inc.		60,000	60,000	60,000	-	-	
		480,000	480,000	480,000	-		
Other income							
Commission (f)							
KPMI		1,123,485	-		-	-	
Director's fees							
KPPI		170,000	220,000	270,000	-	-	
KPMI		-	60,000	60,000	-	-	
					-	-	
Due from related parties	3				619,659	17,805	
Associates							
Cash dividends received	6	8,733,099	10,479,719	8,733,099	-	-	Outstanding balance is collectible in cash on pay-out date as approved by the related party's BOD, non-interest bearing and unsecured.

Related party	Notes	Transactions 2020	2019	2018	Outstanding receivable (payable) 2020	2019	Terms and conditions
Shareholders of Parent Company							
Cash dividends declared and paid							Outstanding balance is payable in cash on pay-out date as approved by the Parent Company's BOD, non-interest bearing and unsecured.
Kepwealth, Inc.		3,053,293	3,053,293	3,053,293	-	-	
KCL		1,689,409	1,689,409	1,689,409	-	-	
Others		1,019,130	1,037,640	1,037,640	(627,936)	(363,015)	
	10, 14	5,761,832	5,780,342	5,780,342	(627,936)	(363,015)	
Various expenses and charges (b)							Outstanding balance is collectible in cash on demand, non-interest bearing and unsecured.
Kepwealth, Inc.		501,405	23,250	-	-	-	
KCL		-	9,000	-	-	-	
Management fees (e)							
Kepwealth, Inc.		276,000	276,000	-	-	-	
Non-controlling interests (NCI)							
Cash dividends declared and paid		9,654,808	-	34,524,000	-	-	Outstanding balance is payable in cash on pay-out date as approved by the subsidiary's BOD, non-interest bearing and unsecured.

(a) Loans
The Group granted short-term, interest-bearing loans to KPMI. Movements in loans receivable for the years ended December 31 are as follows:

	2020	2019	2018
January 1	272,000,000	272,000,000	242,000,000
Additions	-	-	150,000,000
Collections	(22,000,000)	-	(120,000,000)
December 31	250,000,000	272,000,000	272,000,000

(b) Leases
The Group leases certain investments properties to related parties. The Group granted lease concessions to KPMI equivalent to 25% on its rental from March 16, 2020 to December 31, 2020 covering the period of the General Community Quarantine which amounted to P2.6 million.

(c) Various expenses and charges
The Group paid for various reimbursable expenses which are utilized in the normal operations of the related parties.

The Group also incurred share in various expenses due to KPMI relating to clearing and levelling operations on leased out properties amounting to P2.5 million in 2020 (2019 - P2.1 million; 2018 - P1.2 million).

(d) Payroll service fees

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

(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.

(f) Commission

The Group entered into an agreement with KPMI to assist the latter in its bidding activities for select projects with the Group earning a 1% share in KPMI's revenues. The income is recognized under other income in the consolidated statements of income.

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 8 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 2021. Amount of fee will be discussed with the Management.

   The aggregate fee billed by Isla Lipana & Co. for 2020 audit of the Company' s annual financial statements was ₱0.5 million from 2018 to 2020. 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 Management Committee prior to submission to the Board of Directors for approval.

b. Tax Fees – No tax fees were paid for the years 2020, 2019 and 2018.
c. Other Fees – No other fees were paid for the years 2020, 2019 and 2018.
d. Audit & Risk Management 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") for the period January to December 2020. 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. Most of the members of the Board of Directors of the Company and Officers have attended and completed a seminar on Corporate Governance Training conducted by P&A Grant Thorton last June 18, 2020.

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 (6) Board of Directors meetings in 2020.

Name	Date of Board Meetings						
	29 January	8 May	19 June	19 June	7 August	6 November	% of Attendance
	Regular	Regular	Regular	Organizational	Regular	Regular	
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	✓	✓	✓	✓	✓	✓	100%
5. Stefan Tong Wai Mun	✓	✓	✓	✓	✓	✓	100%
6. Alan I. Claveria	✓	✓	✓	✓	✓	✓	100%
7. Felicidad V. Razon	✓	✓	✓	✓	✓	✓	100%

Legend:
✓ -- present ✖ -- absent

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

All Audit and Risk Management Committee (ARMC) members have the related financial and accounting expertise and experience necessary to discharge their responsibilities. The ARMC 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. The Company adopted Audit and Risk Management Committee Charter and was submitted to SEC last 2 October 2012. The ARMC 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 Committee met four (4) times in 2020 (29 January, 8 May, 7 August and 6 November). The ARMC met the external auditor, PwC, on 22 December 2020 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 Committee met two (2) times in 2020 (8 May and 7 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.

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 fiscal year 2017 on 30 May 2018. The Company submitted the Y2018 I-ACGR on 30 May 2019 and Y2019 I-ACGR on 24 August 2020 via email and courier. The Company will endeavor to submit the Y2020 I-ACGR on or before the deadline on 30 May 2021.

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

SECRETARY'S CERTIFICATE

I, **PAMELA ANN T. CAYABYAB**, of legal age, Filipino and with office address at 17th Floor Robinsons Equitable Tower, #4 ADB Avenue corner P. Poveda Drive, Ortigas Center, Pasig City, after having been first sworn in accordance with law, do hereby certify that:

1. I am the duly elected and incumbent Assistant Corporate Secretary of **KEPPEL PHILIPPINES HOLDINGS, INC.** ("Corporation"), a corporation duly organized and existing under Philippine laws with principal office at Unit 3-B Country Space 1 Building, 133 Sen. Gil J. Puyat Avenue, Salcedo Village, Barangay Bel-Air, Makati City.

2. At the regular meeting of the Board of Directors of the Corporation held via Webex conferencing on **29 January 2021**, at which meeting a quorum was present, the resolution below, among others, was adopted and approved:

> "**RESOLVED**, that the Board of Directors of **Keppel Philippines Holdings, Inc.** (the "Corporation") hereby approves the setting of the annual meeting of the stockholders on 18 June 2021, which meeting shall be conducted virtually or via remote communication, and the record date for the stockholders entitled to notice of and vote at said meeting on 20 May 2021."

3. The foregoing resolution has not been altered, modified or revoked and that the same is still in full force and effect.

4. This Certificate is being issued to attest to the truth of the foregoing statements and for whatever legal purpose it may serve.

PAMELA ANN T. CAYABYAB
Assistant Corporate Secretary

SUBSCRIBED AND SWORN TO before me this 26th day of May 2021 at Pasig City; affiant exhibited to me her competent proof of identity: Taxpayer Identification Number (TIN) ID No. 261-406-160.

Doc. No. 224;
Page No. 46;
Book No. V;
Series of **2021**.

ATTY. ANTONIO B. BETITO
Notary Public-Pasig City
Commission No. 152(June 30, 2021)
709 Mega Plaza Condo. ADB Ave., Pasig City
Attorney's Roll No. 27614
IBP No. 141196/1-04-21/Rizal
PTR No. 5242875/1-04-21/Pasig City
MCLE Compliance No. [illegible]

KEPPEL PHILIPPINES HOLDINGS, INC.
2021 ANNUAL STOCKHOLDERS' MEETING
18 June 2021, Friday, at 11:30 am

Guidelines for Participation via Remote Communication and Voting in Absentia

The 2021 Annual Stockholders' Meeting (**ASM**) of Keppel Philippines Holdings, Inc. (**KPH** or the **Company**) is scheduled on **18 June 2021, Friday, at 11:30 a.m.** and the Board of Directors of the Company has fixed the end of trading hours of the Philippine Stock Exchange on **20 May 2021** (**Record Date**) as the record date for the determination of stockholders entitled to the notice of, to attend, and to vote at such meeting and any adjournment thereof.

In light of the ongoing community quarantine imposed in several areas of the country and in consideration of health and safety concerns of everyone involved, the Board of Directors of the Company has approved to conduct the ASM via remote communication and for stockholders to exercise their right to vote *in absentia*.

Registration

Stockholders must notify the Corporate Secretary if participating in the virtual ASM no later than **14 June 2021**, by registering at info@keppelph.com and by submitting the following supporting documents/information, subject to verification and validation:

1. Individual Stockholders
    1. Copy of valid government ID of stockholder/proxy with photo
    2. Stock certificate number/s
    3. If appointing a proxy, copy of proxy form duly signed by stockholder (need *not* be notarized)
    4. E-mail address and contact number of stockholder or proxy

2. Multiple Stockholders or joint owners
    1. Stock certificate number/s
    2. 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)
    3. Copy of valid government IDs of all registered stockholders with photo
    4. E-mail address and contact number of authorized representative

3. Corporate Stockholders
    1. Secretary's Certification of Board resolution appointing and authorizing proxy to participate in the ASM
    2. Valid government ID of the authorized representative with photo
    3. Stock certificate number/s
    4. E-mail address and contact number of authorized representative

4. Stockholders with Shares under broker account
    1. Certification from broker as to the number of shares owned by stockholder
    2. Valid government ID of stockholder with photo
    3. If appointing a proxy, copy of proxy form duly signed by stockholder (need *not* be notarized)
    4. 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 participating the virtual ASM shall receive an e-mail acknowledgment thereof and a WebEx online meeting invitation.

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

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

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

Open Forum/Questions

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

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

The Presiding Officer or the Moderator will read the questions.

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 2020 Open Forum/Questions" to info@keppelph.com on or before 14 June 2021.

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

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

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

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) 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 and Risk Management Committee.

2. I am affiliated with the following companies or organizations:

Company/Organization	Position/Relationship	Period of Service
Keppel Philippines Properties Inc.	Independent Director	Nov 2004 to present
Keppel Philippines Marine, Inc.	Chairman of the Audit & Risk Management Committee and Independent Director	April 2005 to present
Keppel Subic Shipyard, Inc.	Independent Director	2011 to present
Megawide Construction Corp.	Chairman of the Audit & Compliance Committee and Independent Director	July 2018 to present
Republic Glass Holdings Corp.	Chairman of Governance, Nomination & Remuneration Committee and Independent Director	May 2017 to present
Goodsoil Marine Realty Inc.	Independent Director	June 2017 to present
Goodwealth Realty Dev't. Corp.	Independent Director	June 2020 to present
Consort Land, Inc.	Director	June 2018 to present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of Keppel Philippines Holdings, Inc., as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.

4. I am not related to any of the directors/officers/substantial 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 17 MAY 2021 day of ______ 2021, at Makati City, Philippines.

CELSO P. VIVAS
Affiant

SUBSCRIBED AND SWORN to before me this 17 MAY 2021 day of ______ 2021 at MAKATI CITY, Philippines, affiant personally appeared before me and exhibited to me his Tax Identification Number (TIN) 123-305-216.

Doc. No. 197;
Page No. 41;
Book No. 133;
Series of 2021

RUBEN T. M. RAMIREZ
NOTARY PUBLIC
UNTIL DEC. 31, 2021
IBP NO. 142536 / 01-04-21 CY 2021
ROLL NO. 28947 / MCLE 6 / 3-22-19
PTR NO. MKT.8533346/1-4-21 APPT NO. M-16

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

CERTIFICATION OF QUALIFICATION OF INDEPENDENT DIRECTOR

I, **Leonardo R. Arguelles, Jr.**, Filipino, of legal age and a resident of No. 420 Taal St. Talin Place, Ayala Alabang Village, Muntinlupa City, after having been duly sworn in accordance with law do hereby declare that:

1. I am a nominee for independent director of Keppel Philippines Holdings, Inc. (KPHI) and have been its independent director since June 19, 2020.

2. I was previously affiliated with the following companies or organizations:

Company/Organization	Position/Relationship	Period of Service
Unicapital Securities Inc. (Stockbroker)	President and Director	2003 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 17 MAY 2021 day of ____ 2021, at MAKATI CITY, Philippines.

LEONARDO R. ARGUELLES, JR.
Affiant

SUBSCRIBED AND SWORN to before me this 17 MAY 2021 day of ____ 2021 at MAKATI CITY, Philippines, affiant personally appeared before me and exhibited to me his Tax Identification Number (TIN) 106-967-381.

Doc. No. 196;
Page No. 41;
Book No. 63;
Series of 2021.

RUBENT. M. RAMIREZ
NOTARY PUBLIC
UNTIL DEC. 31, 2021
IBP NO. 142536 / 01-04-21 CY 2021
ROLL NO. 28347 / MCLE 6 / 3-22-19
PTR NO. MKT. [illegible] 1-4-21 APPT NO. M-161

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

CERTIFICATION OF QUALIFICATION OF INDEPENDENT DIRECTOR

I, **RAMON J. ABEJUELA**, Filipino, of legal age and a resident of No. 116 Ma. Cristina Street, Ayala Alabang Village, Muntinlupa City, after having been duly sworn in accordance with law do hereby declare that:

1. I am a nominee for independent director of Keppel Philippines Holdings, Inc. (KPHI) and have been its independent director since September 14, 2017 and Chairman of the Corporate Governance and Nomination Committee since June 19, 2020.

2. I am affiliated with the following companies or organizations:

Company/Organization	Position/Relationship	Period of Service
Keppel Philippines Properties, Inc.	Chairman of the Audit Committee and Independent Director	2009 to present
Keppel Philippines Marine, Inc.	Independent Director	June 2020 to present
Keppel Subic Shipyard, Inc.	Independent Director	June 2020 to present
Philippine Nutri-Foods Corporation	Director/Vice Chairman	2004 to Present
NCP Publishing Inc.	Director/Vice Chairman	2004 to present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of Keppel Philippines Holdings, Inc., as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.

4. I am not related to any of the directors/officers/substantial shareholder/s of KPHI.

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.

6. I shall faithfully and diligently comply with my duties and responsibilities as Independent Director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and SEC issuances.

7. I shall inform the Corporate Secretary of Keppel Philippines Holdings, Inc. of any changes in the abovementioned information within five days from its occurrence.

Done this _____ day of MAY 2021 2021, at MAKATI CITY, Philippines.

RAMON J. ABEJUELA
Affiant
2 6 MAY 2021

SUBSCRIBED AND SWORN to before me this _____ day of _________ 2021 at MAKATI CITY, Philippines, affiant personally appeared before me and exhibited to me his Tax Identification Number (TIN) 172-761-781.

RUBEN T. M. RAMIREZ
NOTARY PUBLIC
UNTIL DEC.31, 2021
IBP NO. 142536 / 01-04-21 CY 2021
ROLL NO. 28947 / MCLE 6 / 3-22-19
PTR NO. MKT.8533346 / 1-4-21 APPT NO. M-16+

Doc. No. 92;
Page No. 21;
Book No. 116;
Series of 2021.

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 26 MAY 2021 at Makati City; affiant exhibited to me her Taxpayer Identification Number (TIN) Card bearing numbers 127-165-720-000.

RUBEN T. M. RAMIREZ
NOTARY PUBLIC
UNTIL DEC. 31, 2021
IBP NO. 142536 /01-04-21 CY 2021
ROLL NO. 28347/ MCLE 6 /3-22-19
PTR NO. MKT.85330461/1-4-21 APPT NO. M-161

Doc. No. 96;
Page No. 21;
Book No. 156
Series of 2021.

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

SUBSCRIBED AND SWORN to before me this 26 MAY 2021 at Makati City; affiant exhibited to me her Taxpayer Identification Number (TIN) Card bearing numbers 112-942-756.

Doc. No. 97;
Page No. 21;
Book No. 130
Series of 2021.

RUPERT T. M. RAMIREZ
NOTARY PUBLIC
UNTIL DEC. 31, 2021
IBP NO. 142536 / 01-04-21 CY 2021
ROLL NO. 28947/ MCLE 6 / 3-22-19
PTR NO. MKT. 8533045 / 1-4-21 APPT NO. M-161

COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

6	2	5	9	6

COMPANY NAME

KEPPEL PHILIPPINES HOLDINGS INC. & SUBSIDIARIES

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

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

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

COMPANY INFORMATION

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

No. of Stockholders	Annual Meeting (Month/Day)	Fiscal Year (Month/Day)
420 as of 31 Dec 2020	Any Day in June	December 31

CONTACT PERSON INFORMATION

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

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

CONTACT PERSON's ADDRESS

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

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

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

Keppel Philippines

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

Tel : (632) 8892 1816
(632) 88921820 to 24
Fax : (632) 8815 2581
E-mail: info@keppelph.com
Web : www.keppelph.com

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **KEPPEL PHILIPPINES HOLDINGS, INC. AND SUBSIDIARIES** (the "Company") is responsible for the preparation and fair presentation of the financial statements including the schedules therein, for the years ended **December 31, 2020 and 2019**, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

CHNG CHEE KEONG
Chairman of the Board

ALAN I. CLAVERIA
President

FELICIDAD V. RAZON
Vice President/Treasurer

Signed this 29th day of January 2021

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

ACKNOWLEDGEMENT

SUBSCRIBED AND SWORN to before me this 11 MAY 2021 at Makati City, Affiants exhibiting to me their Tax Identification Number (TIN) as follows:

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

NOTARY PUBLIC

Doc. No. 379
Page No. 77
Book No. 151
Series of 2021

RUBEN T. M. RAMIREZ
NOTARY PUBLIC
UNTIL DEC. 31, 2021
IBP NO. 142536 /01-04-21 CY 2021
ROLL NO. 28947/ MCLE 6 /3-22-19
PTR NO. MKT. [illegible]

pwc

Isla Lipana & Co.

Independent Auditor's Report

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

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, 2020 and 2019, and the consolidated financial performance and consolidated cash flows for each of the three years in the period ended December 31, 2020 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, 2020 and 2019;
- the consolidated statements of income for each of the three years in the period ended December 31, 2020;
- the consolidated statements of total comprehensive income for each of the three years in the period ended December 31, 2020;
- the consolidated statements of changes in equity for each of the three years in the period ended December 31, 2020;
- the consolidated statements of cash flows for each of the three years in the period ended December 31, 2020; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSA). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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

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Our Audit Approach

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

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

Key audit matters

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

The key audit matters identified in our audit pertains to the assessment of recoverability of investment properties and basis of preparation - impact of COVID-19.

Key Audit Matters	How our Audit Addressed the Key Audit Matter
Assessment of recoverability of investment properties Assessing the recoverability of investment properties requires the Group to make estimates and assumptions that can materially affect the consolidated financial statements. Investment properties represent 20% of the total assets and are part of the Group's real estate business segment. Refer to Note 7 for the details of the Group's investment properties and to Note 21.2 (b) for the discussion on critical accounting judgments.	We addressed the matter through inspection of all long and short-term lease contracts. The inspection procedures included thorough understanding of the terms and conditions of the underlying lease contracts, including estimated future cash flows to support recoverability of investment properties.

Key Audit Matters	How our Audit Addressed the Key Audit Matter
	Additionally, we examined the latest appraisal reports prepared by a third-party appraiser and noted that the aggregate and individual fair values of the investment properties are higher than their respective carrying amounts. Audit evidence over the reliability of the appraisal report was obtained through independent verification of certain fair value assumptions and inputs specifically: • similar market listing in the area by comparing to records of recent sales and offerings of similar land and condominium units; • physical factors by comparing to property titles, historical experience and external data, and validating transactions related to improvements and development, if any; and • rental rate by comparing to prevailing market rents to leasing transactions of comparable properties. We also verified the independence and competency of the third-party appraiser by examining their qualifications, experiences, and business relationship with the Group. The results of procedures performed and discussions with management did not note any indicators of impairment as at December 31, 2020 and 2019.
Basis of preparation - impact of COVID-19 The Director General of the World Health Organization declared the novel coronavirus, COVID-19, a global pandemic on March 11, 2020. As set out in Note 1 to the consolidated financial statements, following the declaration, management have updated their evaluation of the Group's ability to continue as a going concern to incorporate an assessment of the potential impact of COVID-19.	In challenging management's assessment of the impact of COVID-19 on their business, we addressed the matter through the following procedures: • Conducted inquiries with key management to understand the Group's mitigating actions and contingency plans; • Inspected minutes of meeting of Board of Directors with regard to the expected business impact of the matter; • Checked the mathematical accuracy of management's cash flow forecasts and validated the opening cash position;

Key Audit Matter	How our Audit Addressed the Key Audit Matter
While the impact of COVID-19 is uncertain and unquantifiable, the Group has implemented a variety of mitigating actions and contingency plans in response to the pandemic. Given the inherent uncertainty associated with the impact of COVID-19 on the Group, we consider this to be a key audit matter in relation to going concern and general disclosure.	• Evaluated management's underlying cash flow projections by testing the assumptions and methodologies and agreeing data to other external and internal sources as necessary, including inspection of customer contracts, mainly lease contracts and loan agreements; • Considered the financial condition of the Group's lessees and/or borrower and the impact of a likely delay in their payments on the Group's cash flows; and • Reviewed the adequacy and appropriateness of management's going concern disclosures in the consolidated financial statements. Based on the procedures performed, we concluded that no change was required in respect of management's conclusions on going concern, and based on the current facts and circumstances, we believe that management's disclosures in relation to COVID-19 are appropriate, however, as management have disclosed, this is an evolving area and further risks may arise which have a potential impact on the business.

Other Information

Management is responsible for the other information. The other information comprise the information included in the SEC Form 20-IS (Definitive Information Statement), and SEC Form 17-A, 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 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 they become available and, in doing so, consider whether the other information are materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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

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

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with PSA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of each entity within the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause an entity within the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

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

Isla Lipana & Co.

Catherine H. Santos
Partner
CPA Cert. No. 0110097
P.T.R. No. 0011422; issued on January 5, 2021 at Makati City
SEC A.N. (individual) as general auditors 110097-SEC; Category A;
valid to audit 2020 to 2024 financial statements
SEC A.N. (firm) as general auditors 0142-SEC, Category A;
valid to audit 2020 to 2024 financial statements
T.I.N. 211-726-564
BIR A.N. 08-000745-132-2020; issued on June 5, 2020; effective until June 4, 2023
BOA/PRC Reg. No. 0142, effective until January 21, 2023

Makati City
January 29, 2021

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Statements Required by Rule 68
Securities Regulation Code (SRC)

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

We have audited the consolidated financial statements of Keppel Philippines Holdings, Inc. (the "Parent Company") and its subsidiaries (together, the "Group") as at and for the year ended December 31, 2020, on which we have rendered the attached report dated January 29, 2021. The supplementary information shown in the Reconciliation of the Parent Company's Retained Earnings Available for Dividend Declaration as at December 31, 2020, Map of Relationships of the Companies within the Group as at December 31, 2020, and Schedules A, B, C, D, E, F, and G as at December 31, 2020, as additional components required by Rule 68 of the SRC, are presented for purposes of filing with the Securities and Exchange Commission and are not required parts of the basic consolidated financial statements. Such supplementary information are the responsibility of management and have been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements. In our opinion, the supplementary information have been prepared in accordance with Rule 68 of the SRC.

Isla Lipana & Co.

Catherine H. Santos
Partner
CPA Cert. No. 0110097
P.T.R. No. 0011422; issued on January 5, 2021 at Makati City
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Makati City
January 29, 2021

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Isla Lipana & Co.

Statements Required by Rule 68
Securities Regulation Code (SRC)

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

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Keppel Philippines Holdings, Inc. and its subsidiaries as at December 31, 2020 and 2019 and for each of the three years in the period ended December 31, 2020, and have issued our report thereon dated January 29, 2021. 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, 2020 and 2019 and for each of the three years in the period ended December 31, 2020 and no material exceptions were noted.

Isla Lipana & Co.

Catherine H. Santos
Partner
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P.T.R. No. 0011422; issued on January 5, 2021 at Makati City
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Makati City
January 29, 2021

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Keppel Philippines Holdings, Inc. and Subsidiaries

Consolidated Statements of Financial Position
As at December 31, 2020 and 2019
(All amounts in Philippine Peso)

	Notes	2020	2019
ASSETS			
Current assets			
Cash and cash equivalents	2	80,366,937	50,687,233
Receivables, net	3	253,402,093	276,038,317
Other current assets, net	4	406,652	465,635
Total current assets		334,175,682	327,191,185
Non-current assets			
Lease receivables, net of current portion	3	29,234,655	30,158,921
Financial asset at fair value through other comprehensive income	5	35,000,000	37,000,001
Investment in an associate	6	419,061,368	420,186,688
Investment properties, net	7	205,288,439	205,288,439
Property and equipment, net	8	1,558,162	217,833
Intangible assets, net	9	6,079,372	-
Retirement benefit asset, net	12	-	575,995
Other non-current assets	19	4,140,710	4,140,710
Total non-current assets		700,362,706	697,568,587
Total assets		1,034,538,388	1,024,759,772
LIABILITIES AND EQUITY			
Current liabilities			
Accrued expenses and other current liabilities	10	5,846,669	5,501,100
Refundable deposits	7	2,685,793	1,280,130
Income tax payable	17	175,866	249,775
Total current liabilities		8,708,328	7,031,005
Non-current liabilities			
Retirement benefit liability, net	12	1,663,717	-
Deferred income tax liability, net	17	1,466,007	1,633,416
Total non-current liabilities		3,129,724	1,633,416
Total liabilities		11,838,052	8,664,421
Equity			
Share capital	13	73,173,500	73,173,500
Share premium		73,203,734	73,203,734
Retained earnings	14	503,738,857	489,293,344
Investment revaluation reserve	5	34,422,057	36,422,058
Remeasurements on retirement benefits	12	(948,862)	184,932
Treasury shares	14	(23,614,089)	(22,628,577)
Attributable to equity holders of the parent		659,975,197	649,648,991
Non-controlling interests	22.2	362,725,139	366,446,360
Total equity		1,022,700,336	1,016,095,351
Total liabilities and equity		1,034,538,388	1,024,759,772

The notes on pages 1 to 40 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, 2020
(All amounts in Philippine Peso)

	Notes	2020	2019	2018
Revenues and income				
Rental income	7	33,331,048	28,536,362	22,714,210
Interest income	2, 11	12,115,846	18,271,772	12,209,199
Equity in net earnings of associates	6	7,607,779	8,926,743	10,037,399
Payroll service fees	11	1,111,898	-	-
Management fees	11	756,000	756,000	756,000
Gain on sale of investment properties	7	-	-	1,922,001
Other income		1,323,175	546,390	825,435
Total revenues and income		56,245,746	57,037,267	48,464,244
Operating expenses	16	(24,936,692)	(27,774,020)	(31,399,379)
Income before income tax		31,309,054	29,263,247	17,064,865
Income tax expense	17	(5,168,122)	(2,661,817)	(2,875,899)
Net income for the year		26,140,932	26,601,430	14,188,966
Attributable to:				
Equity holders of the parent		20,207,345	18,387,319	5,247,186
Non-controlling interests	22.2	5,933,587	8,214,111	8,941,780
		26,140,932	26,601,430	14,188,966
Earnings per share attributable to equity holders of the parent	15	0.351	0.318	0.091

The notes on pages 1 to 40 are integral part of these consolidated financial statements.

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Keppel Philippines Holdings, Inc. and Subsidiaries

Consolidated Statements of Total Comprehensive Income
For each of the three years in the period ended December 31, 2019
(All amounts in Philippine Peso)

	Notes	2020	2019	2018
Net income for the year		26,140,932	26,601,430	14,188,966
Other comprehensive income (loss)				
Items that will not be reclassified to profit or loss:				
Unrealized fair value gain (loss) on financial asset at fair value through other comprehensive income	5	(2,000,001)	2,000,000	15,000,000
Remeasurement gain (loss) on retirement benefits, net of tax	12	(1,133,794)	184,932	-
		(3,133,795)	2,184,932	15,000,000
Total comprehensive income for the year		23,007,137	28,786,362	29,188,966
Attributable to:				
Equity holders of the parent		17,073,550	20,572,251	20,247,186
Non-controlling interests	22.2	5,933,587	8,214,111	8,941,780
		23,007,137	28,786,362	29,188,966

The notes on pages 1 to 40 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, 2020
(All amounts in Philippine Peso)

		Attributable to equity holders of the parent								
	Notes	Share capital (Note 13)	Share premium	Retained earnings	Investment revaluation reserve (Note 5)	Remeasurements on retirement benefit asset (Note 12)	Treasury shares (Note 14)	Total	Non-controlling interests (Note 22.2)	Total equity
Balances at January 1, 2018		73,173,500	73,203,734	477,219,523	19,422,058	-	(22,622,976)	620,395,839	383,814,469	1,004,210,308
Comprehensive income										
Net income for the year		-	-	5,247,186	-	-	-	5,247,186	8,941,780	14,188,966
Other comprehensive income	5	-	-	-	15,000,000	-	-	15,000,000	-	15,000,000
Total comprehensive income for the year		-	-	5,247,186	15,000,000	-	-	20,247,186	8,941,780	29,188,966
Transaction with owners										
Cash dividends declared	14	-	-	(5,780,342)	-	-	-	(5,780,342)	(34,524,000)	(40,304,342)
Balances at December 31, 2018		73,173,500	73,203,734	476,686,367	34,422,058	-	(22,622,976)	634,862,683	358,232,249	993,094,932
Comprehensive income										
Net income for the year		-	-	18,387,319	-	-	-	18,387,319	8,214,111	26,601,430
Other comprehensive income	5, 12	-	-	-	2,000,000	184,932	-	2,184,932	-	2,184,932
Total comprehensive income for the year		-	-	18,387,319	2,000,000	184,932	-	20,572,251	8,214,111	28,786,362
Transaction with owners										
Cash dividends declared	14	-	-	(5,780,342)	-	-	-	(5,780,342)	-	(5,780,342)
Purchase of treasury shares	14	-	-	-	-	-	(5,601)	(5,601)	-	(5,601)
Total transactions with owners		-	-	(5,780,342)	-	-	(5,601)	(5,785,943)	-	(5,785,943)
Balances at December 31, 2019		73,173,500	73,203,734	489,293,344	36,422,058	184,932	(22,628,577)	649,648,991	366,446,360	1,016,095,351
Comprehensive income										
Net income for the year				20,207,345				20,207,345	5,933,587	26,140,932
Other comprehensive loss	5, 12	-	-		(2,000,001)	(1,133,794)	-	(3,133,795)	-	(3,133,795)
Total comprehensive income for the year		-	-	20,207,345	(2,000,001)	(1,133,794)	-	17,073,550	5,933,587	23,007,137
Transaction with owners										
Cash dividends declared	14	-	-	(5,761,832)	-	-	-	(5,761,832)	(9,654,808)	(15,416,640)
Purchase of treasury shares	14	-	-	-	-	-	(985,512)	(985,512)	-	(985,512)
Total transactions with owners		-	-	(5,761,832)	-	-	(985,512)	(6,747,344)	(9,654,808)	(16,402,152)
Balances at December 31, 2020		73,173,500	73,203,734	503,738,857	34,422,057	(948,862)	(23,614,089)	659,975,197	362,725,139	1,022,700,336

Keppel Philippines Holdings, Inc. and Subsidiaries

Consolidated Statements of Cash Flows
For each of the three years in the period ended December 31, 2019
(All amounts in Philippine Peso)

	Notes	2020	2019	2018
Cash flows from operating activities				
Income before income tax		31,309,054	29,263,247	17,064,865
Adjustments for:				
Depreciation and amortization	7,8,9,16	1,227,738	116,473	315,652
Retirement benefit expense	12	1,026,662	1,258,170	4,782,766
Provision for (reversal of) impairment losses, net	3, 4, 16	(575,487)	2,771,598	497,115
Reversal of accrued expenses	10, 16	(800,000)	-	-
Equity in net earnings of associates	6	(7,607,779)	(8,926,743)	(10,037,399)
Interest income	2, 11	(12,115,846)	(18,271,772)	(12,209,199)
Gain on sale of investment properties	7	-	-	(1,922,001)
Operating income (loss) before working capital changes		12,464,342	6,210,973	(1,508,201)
Changes in working capital:				
Receivables		1,147,205	(549,962)	1,631,760
Other current assets		766,470	(3,573,926)	(1,221,989)
Accrued expenses and other current liabilities		1,145,569	(261,128)	1,000,511
Refundable deposits		1,405,663	(1,129,753)	1,922,803
Net cash generated from operations		16,929,249	696,204	1,824,884
Interest received from cash and cash equivalents		888,324	1,816,336	1,494,898
Income tax paid		(5,330,183)	(1,738,562)	(2,450,540)
Contributions to the retirement fund		-	(10,619,028)	-
Net cash provided by (used in) operating activities		12,487,390	(9,845,050)	869,242
Cash flows from investing activities				
Principal collection of loans to a related party	11	22,000,000	-	120,000,000
Interest received from loans to a related party		11,508,806	16,591,766	9,984,580
Cash dividends received	6, 11	8,733,099	10,479,719	8,733,099
Purchase of property and equipment	8	(1,562,034)	(235,410)	(44,357)
Purchase of intangible assets	9	(7,085,405)	-	-
Proceeds from sale of investment properties	7	-	-	2,300,000
Loans granted to a related party	11	-	-	(150,000,000)
Net cash provided by (used in) investing activities		33,594,466	26,836,075	(9,026,678)
Cash flows from financing activities				
Purchase of shares	14	(985,512)	(5,601)	-
Cash dividends paid	14	(15,416,640)	(5,780,342)	(40,304,342)
Net cash used in financing activities		(16,402,152)	(5,785,943)	(40,304,342)
Net increase (decrease) in cash and cash equivalents		29,679,704	11,205,082	(48,461,778)
Cash and cash equivalents at January 1		50,687,233	39,482,151	87,943,929
Cash and cash equivalents at December 31		80,366,937	50,687,233	39,482,151

The notes on pages 1 to 40 are integral part of these consolidated financial statements.

Keppel Philippines Holdings, Inc. and Subsidiaries

Notes to the Consolidated Financial Statements
As at December 31, 2020 and 2019
and for each of the three years in the period ended December 31, 2020
(In the notes, all amounts are shown in Philippine Peso unless otherwise stated)

Note 1 - General information

Keppel Philippines Holdings, Inc. (the “Parent Company”) and its subsidiaries, KPSI Property, Inc. (KPSI), and Goodwealth Realty and Development Corporation (GRDC), including GRDC's subsidiary, Goodsoil Marine Realty Inc. (GMRI), collectively referred to as the “Group”, were incorporated in the Philippines. The Parent Company was registered with the Philippine Securities and Exchange Commission (SEC) on July 24, 1975 with registered office address at Unit 3-B, Country Space 1 Building, 133 Sen. Gil Puyat Avenue, Salcedo Village, Barangay Bel-Air, Makati City. The Parent Company is involved in investment holding while the subsidiaries are in the real estate industry.

In 1987, the Parent Company became a publicly-listed entity through initial public offering (IPO) of its shares. There was no follow on offering after the IPO.

The Parent Company’s shares are publicly traded in the Philippine Stock Exchange (PSE). As at December 31, 2020 and 2019, the top three (3) shareholders are the following:

	Percentage of ownership
Kepwealth, Inc.	53.0%
Keppel Corporation Limited (KCL)	29.3%
Public	17.7%

As at December 31, 2020 and 2019, the Parent Company’s percentage of ownership in its subsidiaries are as follows:

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

GRDC is 44%-owned by Keppel Philippines Marine, Inc. Retirement Plan (KPMI Retirement Plan) and 5%-owned by Keppel Philippines Marine, Inc. (KPMI) in 2020 and 2019. GRDC owns 93.7% of GMRI, thus, including the Parent Company’s 3.2% separate interest in GMRI, the Parent Company has 51% effective ownership on GMRI.

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

The Parent Company has six (6) regular employees as at December 31, 2020. The administrative functions of the subsidiaries are handled by the Parent Company’s management.

As at December 31, 2020, the Parent Company has 238 shareholders (2019 - 247 shareholders), 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, 2021.

Impact of Coronavirus Disease 2019

Subsequent to the outbreak of the Coronavirus Disease 2019 ("COVID-19") in the first quarter of 2020, a series of measures to curb the pandemic have been and continues to be implemented in the Philippines.

As a result of the implementation of the community quarantine, the Group has extended lease concessions to its related party lessees (Note 11). One of the Group's third-party lessees experienced difficulty in meeting obligations to the Group which resulted in the termination of its lease contract. Consequently, the Group incurred impairment loss amounting to P0.1 million in 2020 (Note 3). Collection efforts are still ongoing as at the date of the approval of these financial statements. Management continues to implement measures to mitigate and reduce any negative impact to its profitability or any other economic effects on its business. Measures have likewise been undertaken to preserve the health and safety of its employees and other stakeholders. Management is closely monitoring the status of the pandemic and its related impact on its business operations. As at the date of approval of these financial statements, management is continuously assessing the impact of the pandemic on the next financial year and deems that the entities in the Group will continue to operate as going concern within the next 12 months.

Note 2 - Cash and cash equivalents

Cash and cash equivalents as at December 31 consist of:

	2020	2019
Cash in banks	13,638,056	9,268,404
Cash equivalents	66,728,881	41,418,829
	80,366,937	50,687,233

Cash in banks earn interests at the prevailing bank deposit rates. Cash equivalents are short-term investments which are placed in financial institutions for varying periods of up to three (3) months, depending on the immediate cash requirements of the Group, and earned interest at annual rates that ranged from in 0.5% to 3.6% in 2020 (2019 - 2.75% to 5.25%).

Interest income earned from cash and cash equivalents amounted to P0.9 million in 2020 (2019 - P1.8 million; 2018 - P1.5 million). Interest receivable from cash and cash equivalents amounted to P0.03 million as at December 31, 2020 (2019 - P0.1 million).

Note 3 - Receivables, net

Receivables, net as at December 31 consist of:

	Notes	2020	2019
Loan receivables from a related party	11	250,000,000	272,000,000
Lease receivables from:			
Related parties	11	30,158,922	31,083,188
Third parties		849,607	1,674,400
Non-trade receivable		-	1,767,668
Interest receivable	2, 11	1,140,560	1,421,845
Due from related parties	11	619,659	17,805
Others		384,912	384,912
		283,153,660	308,349,818
Allowance for impairment		(516,912)	(2,152,580)
		282,636,748	306,197,238
Less: Non-current portion of lease receivables		29,234,655	30,158,921
		253,402,093	276,038,317

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

	Note	2020	2019	2018
January 1		2,152,580	2,152,580	2,152,580
Provision	16	132,000	-	-
Write-off		(1,767,668)	-	-
		516,912	2,152,580	2,152,580

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

As at December 31, 2020 and 2019, other receivables aged over 360 days amounting to P0.4 million were determined to be impaired and provided with full allowance since the Group assessed that the amount may not be collectible.

The Group also recognized provision for impairment of lease receivable amounting to P0.1 million in 2020 (2019 - nil) pertaining to credit-impaired accounts from a third-party customer due to the latter's difficulty in meeting obligations to the Group in light of COVID-19. COVID-19 had no impact on other receivables of the Group.

<u>Note 4 - Other current assets, net</u>

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

	2020	2019
Creditable withholding tax (CWT)	6,071,888	6,993,133
Input value-added tax (VAT)	396,000	302,400
Advances to employees	209,378	305,035
Deposits	29,630	29,630
Prepaid expenses	5,800	5,812
Others	161,844	5,000
	6,874,540	7,641,010
Allowance for impairment	(6,467,888)	(7,175,375)
	406,652	465,635

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

		2020			2019			2018		
	Note	Input VAT	CWT	Total	Input VAT	CWT	Total	Input VAT	CWT	Total
January 1		302,400	6,872,975	7,175,375	-	4,403,777	4,403,777	642,987	2,810,307	3,453,294
Provision		93,600	2,846,676	2,940,276	302,400	2,990,578	3,292,978	-	1,636,660	1,636,660
Recovery of provision		-	(3,647,763)	(3,647,763)	-	(521,380)	(521,380)	(642,987)	(43,190)	(686,177)
Net provision (recovery)	16	93,600	(801,087)	(707,487)	302,400	2,469,198	2,771,598	(642,987)	1,593,470	950,483
Write-off		-	-	-	-	-	-	-	-	-
December 31		396,000	6,071,888	6,467,888	302,400	6,872,975	7,175,375	-	4,403,777	4,403,777

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

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

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

	2020	2019
Original cost	316,004	316,004
Accumulated revaluation		
January 1	36,683,997	34,683,997
Unrealized fair value gain (loss)	(2,000,001)	2,000,000
December 31	34,683,996	36,683,997
	35,000,000	37,000,001

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

	2020	2019	2018
January 1	36,422,058	34,422,058	19,422,058
Unrealized fair value gain	(2,000,001)	2,000,000	15,000,000
	34,422,057	36,422,058	34,422,058

This account pertains to proprietary golf club share that provides the Group with opportunities for return through dividend income and trading 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 2020, 2019, and 2018.

Note 6 - Investment in an associate, at equity

Investment in an associate as at December 31 consists of:

	2020	2019
Original cost	337,596,800	337,596,800
Accumulated share in net income		
At January 1	82,589,888	84,142,864
Equity in net earnings of associate	7,607,779	8,926,743
Cash dividends received	(8,733,099)	(10,479,719)
At December 31	81,464,568	82,589,888
	419,061,368	420,186,688

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 Group has a Share Purchase Agreement with KPMI for the transfer of 2,950,000 shares dated September 6, 2012. As at December 31, 2020, the agreement is still awaiting the issuance of tax clearance before the actual transfer of shares. Taking the agreement into effect gives GMRI an ownership interest of 24.95% in CLI.

GMRI received cash dividend from CLI amounting to P8.7 million in 2018.

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

	2020	2019
Current assets	56,504,559	75,472,448
Non-current assets	267,883,671	255,640,663
Current liabilities	20,090,643	22,237,585
Non-current liabilities	2,180,246	2,189,301
Net assets	302,117,341	306,686,225
Revenues	144,714,466	160,253,967
Income before income tax	32,591,942	38,732,752
Net income and total comprehensive income for the year	30,431,116	35,832,000

The Group share in the net assets of CLI amounted to P75.4 million as at December 31, 2020 (2019 - P76.5 million).

The non-current assets of CLI represent prime lots held for appreciation, which are carried at cost. The fair value of the property is P2.5 billion as at December 31, 2020 and 2019 on the latest valuation report of an independent appraiser.

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

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

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

Note 7 - Investment properties, net; Leases

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

	Land	Condominium units	Total
Cost			
January 1, 2019 and December 31, 2019 and 2020	205,288,439	3,689,178	208,977,617
Accumulated depreciation			
January 1, 2019 and December 31, 2019 and 2020	-	3,689,178	3,689,178
Net book values	205,288,439	-	205,288,439

Depreciation expense for the year ended December 31, 2018 amounted to P0.2 million.

In 2018, the Group sold certain land with carrying value of P0.4 million and fully depreciated building and improvements with carrying value of P0.4 million, for a total consideration of P2.3 million resulting in a gain on sale amounting to P1.9 million. There was no similar transaction in 2020 and 2019.

The investment properties have an aggregate fair value of P1.1 billion based on an appraisal made by an accredited independent appraiser as at December 31, 2019. The sales comparison approach was used in determining the fair value which considers the sales of similar or substitute properties and related market data, and establishes a value estimate by processes involving comparison. Management believes that the fair value as at December 31, 2020 has not significantly changed from the last valuation date.

The appraiser determined that the highest and best use of the subject properties are those of industrial uses, commercial and residential properties, which are aligned with the current use. The fair value of the investment properties is categorized as Level 3 which used adjusted inputs for valuation that are unobservable as at the date of valuation. The inputs used were asking prices of similar listings and offerings which range from P4,000 to P5,700 per square meter for properties located in Batangas City and from P35,000 to P80,000 for properties located in Makati City, discounts and physical adjustments (such as location, neighborhood size and development). Significant increases or decreases in the inputs would result in higher or lower fair value of the asset. None of the properties are impaired.

Group as lessor

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

Aside from the aforementioned lease, the Group leases out its investment properties to third party and related party customers for periods ranging from one (1) month to three (3) years with option to renew for another one (1) month to three (3) years under such terms and conditions as may be mutually agreed upon by the parties to the contracts.

The Group also leases out a piece of land 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	2020	2019	2018
Third parties		22,678,320	15,300,183	9,469,031
Related parties	11	10,652,728	13,236,179	13,245,179
		33,331,048	28,536,362	22,714,210

The operating expenses directly attributable to the investment properties pertaining to depreciation and amortization, rental, repairs and maintenance and real estate taxes amounted to P6.8 million in 2020 (2019 - P6.0 million; 2018 - P7.5 million).

Outstanding balances of lease receivables from related parties as at December 31, 2020 and 2019 represent lease differential in the computation of rent income using straight-line method.

The Group's outstanding receivables and unearned rental income from third parties as at December 31, 2020 and 2019 are disclosed in Notes 3 and 10, respectively.

Advance rentals as at December 31 are as follows:

	Note	2020	2019
Third parties		346,447	320,785
Related parties	11	304,345	304,345
	10	650,792	625,130

Refundable deposits as at December 31 are as follows:

	Note	2020	2019
Third parties		2,416,447	1,010,784
Related parties	11	269,346	269,346
		2,685,793	1,280,130

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

	2020	2019
Within one (1) year	10,742,465	12,094,035
After one (1) year but not more than five (5) years	42,663,676	53,633,900
More than five (5) years	193,426,541	193,426,541
	246,832,682	259,154,476

Note 8 - Property and equipment, net

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

	Note	Condominium units	Office machine, furniture and fixtures	Transportation equipment	Total
2020					
Cost					
January 1		5,397,020	692,125	776,186	6,865,331
Additions		-	1,562,034	-	1,562,034
December 31		5,397,020	2,254,159	776,186	8,427,365
Accumulated depreciation					
January 1		5,397,020	474,292	776,186	6,647,498
Depreciation	16	-	221,705	-	221,705
December 31		5,397,020	695,997	776,186	6,869,203
Net book values		-	1,558,162	-	1,558,162
2019					
Cost					
January 1		5,397,020	456,715	776,186	6,629,921
Additions		-	235,410	-	235,410
December 31		5,397,020	692,125	776,186	6,865,331
Accumulated depreciation					
January 1		5,397,020	357,819	776,186	6,531,025
Depreciation	16	-	116,473	-	116,473
December 31		5,397,020	474,292	776,186	6,647,498
Net book values		-	217,833	-	217,833

Additions to cost and depreciation expense for the year ended December 31, 2018 amounted to P44.4 thousand and P80.2 thousand, respectively.

Fully depreciated assets amounting P6.5 million are still in use as at December 31, 2020 and 2019.

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, 2020 and 2019.

Note 9 - Intangible assets, net

Details and movements of intangible assets which pertain to computer software programs as at and for the year ended December 31, 2020 are as follows:

	Note	2020
Cost		
January 1		-
Addition		7,085,405
December 31		7,085,405
Accumulated amortization		
January 1		-
Amortization expense	16	1,006,033
December 31		1,006,033
Net book value at December 31		6,079,372

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, 2020 and 2019.

Note 10 - Accrued expenses and other current liabilities

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

	Notes	2020	2019
Accrued expenses		3,275,471	3,344,336
Payable to government agencies		774,970	766,119
Advance rentals	7	650,792	625,130
Unearned rental revenue from third party		517,500	402,500
Others	11	627,936	363,015
		5,846,669	5,501,100

Accrued expenses pertain to accrued professional fees, audit fee, directors' fees, fringe, membership dues, taxes and licenses, and other expenses. Payable to government agencies pertains to output VAT and withholding taxes. Other accounts payable pertain to unclaimed monies or dividends by shareholders (Note 11).

The Group reversed accrued expenses amounting to P0.8 million which prescribed in 2020 (2019 and 2018 - nil) (Note 16).

Note 11 - Related party transactions and balances

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

		Transactions			Outstanding receivable (payable)		
Related party	Notes	2020	2019	2018	2020	2019	Terms and conditions
Entities under common control							
Loans (a)							Outstanding balance is collectible in cash, with terms of 88 to 90 days subject for renewal, interest-bearing at 3.4% to 4.9% per annum in 2020 (2019 - 4.8% to 7.0%), and unsecured.
KPMI							
Principal	3	(22,000,000)	-	150,000,000	250,000,000	272,000,000	
Interest income	3	11,256,118	16,477,352	10,720,062	1,112,281	1,364,970	
Leases (b)							
Rental income							
KPMI		10,232,728	12,816,179	12,825,179	30,158,922	31,083,188	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	10,652,728	13,236,179	13,245,179	30,158,922	31,083,188	
Advance rentals							Outstanding balance is to be applied on the last monthly rental at end of lease term, is non-interest bearing and unsecured.
KPMI		-	-	-	(269,345)	(269,345)	
KIVI		-	-	-	(25,000)	(25,000)	
KECI		-	-	-	(10,000)	(10,000)	
	7, 10				(304,345)	(304,345)	
Refundable deposits							Outstanding balance is payable in cash within 60 days from end of lease term, non-interest bearing and unsecured.
KPMI	7	-	-	-	(269,346)	(269,346)	
Various expenses and charges (c)						-	
KPMI		2,484,000	2,080,350	1,209,949	-	-	Outstanding balance is collectible in cash on demand, non-interest bearing and unsecured.
KPMI		16,703	7,812	123,033	-		
Keppel Subic Shipyard, Inc. (KSSI)		14,345	16,309	18,621	-	1,800	
Kepventure, Inc.		-	11,625	-	-	-	
KIVI		-	11,188	3,996	-	-	
Keppel Infrastructure Holdings Pte. Ltd.		-	10,204	-	-	10,204	
Keppel DHCS Pte. Ltd.		-	5,801	-	-	5,801	
					-	17,805	
Payroll service fees (d)							
KSSI		570,098	-	-	268,505	-	
KPMI		541,800	-	-	351,154	-	
		1,111,898	-	-	619,659	-	
Management fees (e)							
KECI		240,000	240,000	240,000	-	-	
KIVI		180,000	180,000	180,000	-	-	
Kepventure, Inc.		60,000	60,000	60,000	-	-	
		480,000	480,000	480,000	-		
Other income							
Commission (f)							
KPMI		1,123,485	-		-	-	
Director's fees							
KPPI		170,000	220,000	270,000	-	-	
KPMI		-	60,000	60,000	-	-	
					-	-	
Due from related parties	3				619,659	17,805	
Associates							
Cash dividends received	6	8,733,099	10,479,719	8,733,099	-	-	Outstanding balance is collectible in cash on pay-out date as approved by the related party's BOD, non-interest bearing and unsecured.

Related party	Notes	Transactions 2020	2019	2018	Outstanding receivable (payable) 2020	2019	Terms and conditions
Shareholders of Parent Company							
Cash dividends declared and paid							Outstanding balance is payable in cash on pay-out date as approved by the Parent Company's BOD, non-interest bearing and unsecured.
Kepwealth, Inc.		3,053,293	3,053,293	3,053,293	-	-	
KCL		1,689,409	1,689,409	1,689,409	-	-	
Others		1,019,130	1,037,640	1,037,640	(627,936)	(363,015)	
	10, 14	5,761,832	5,780,342	5,780,342	(627,936)	(363,015)	
Various expenses and charges (b)							Outstanding balance is collectible in cash on demand, non-interest bearing and unsecured.
Kepwealth, Inc.		501,405	23,250	-	-	-	
KCL		-	9,000	-	-	-	
Management fees (e)							
Kepwealth, Inc.		276,000	276,000	-	-	-	
Non-controlling interests (NCI)							
Cash dividends declared and paid		9,654,808	-	34,524,000	-	-	Outstanding balance is payable in cash on pay-out date as approved by the subsidiary's BOD, non-interest bearing and unsecured.
Key management personnel							
Salaries and other short-term employee benefits (g)		3,645,212	3,461,400	3,552,680	-	-	Outstanding balance is payable every designated period per employee contracts, non-interest bearing and unsecured.
Retirement benefits		491,278	450,742	1,715,025	(4,106,676)	(3,597,935)	
Retirement plan							
Contributions to the fund	12	-	10,619,028	-	-	-	Refer to note.

For each of the three (3) years in the period ended December 31, 2020, 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.

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

(a) Loans

The Group granted short-term, interest-bearing loans to KPMI. Movements in loans receivable for the years ended December 31 are as follows:

	2020	2019	2018
January 1	272,000,000	272,000,000	242,000,000
Additions			150,000,000
Collections	(22,000,000)	-	(120,000,000)
December 31	250,000,000	272,000,000	272,000,000

(b) Leases

The Group leases certain investments properties to related parties (Note 7). The Group granted lease concessions to KPMI equivalent to 25% on its rental from March 16, 2020 to December 31, 2020 covering the period of the General Community Quarantine which amounted to P2.6 million.

(c) Various expenses and charges

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

The Group also incurred share in various expenses due to KPMI relating to clearing and levelling operations on leased out properties amounting to P2.5 million in 2020 (2019 - P2.1 million; 2018 - P1.2 million).

(d) Payroll service fees

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

(e) Management fees

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

(e) Commission

The Group entered into an agreement with KPMI to assist the latter in its bidding activities for select projects with the Group earning a 1% share in KPMI's revenues. The income is recognized under other income in the consolidated statements of income.

(f) 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, 2020.

(g) Elimination

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

	Note	2020	2019	2018
As at December 31				
Investment in subsidiaries		110,165,069	110,165,069	110,165,069
Advances to subsidiaries		-	-	765,000
For the years ended December 31				
Dividends income of Parent Company from subsidiaries	14	10,548,867	1,500,000	36,175,000
Dividend income of GRDC from GMRI		296,325	-	1,036,000
Management fees of Parent Company from subsidiary		780,000	780,000	780,000

Note 12 - Retirement benefits

The Group has a funded, non-contributory defined benefit plan covering the retirement and disability benefits to its qualified employees and is being administered by a trustee bank. The normal retirement age is 60 years with at least five (5) years of service and optional retirement date is at age 50 or 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 net retirement benefit asset (liability), net in the consolidated statements of financial position as at December 31 are as follows:

	2020	2019
Fair value of plan assets	8,853,942	10,619,028
Present value of defined benefit obligation	(10,517,659)	(10,043,033)
	(1,663,717)	575,995

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

	2020	2020	2018
At January 1	10,043,033	9,049,051	4,526,748
Current service cost	751,500	757,659	4,566,387
Interest cost	290,075	432,545	216,379
Past service cost	-	67,966	-
Benefits paid	(1,780,000)	-	(260,463)
Remeasurement loss from:			
Experience adjustments	-	(101,473)	-
Change in financial assumptions	1,213,051	(162,715)	-
At December 31	10,517,659	10,043,033	9,049,051

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

	2020	2019
At January 1	10,619,028	-
Interest income	14,914	-
Benefits paid	(1,780,000)	
Contributions	-	10,619,028
At December 31	8,853,942	10,619,028

There were no plan assets as at and for the year ended December 31, 2018.

There is no expected contribution to post-employment benefit plans for the year ending December 31, 2021.

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:

	2020	2019	2018
Current service cost	751,500	757,659	4,566,387
Net interest cost	275,162	432,545	216,379
Past service cost	-	67,966	-
	1,026,662	1,258,170	4,782,766

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

	Note	2020	2019
January 1		184,932	-
Remeasurement gain (loss)		(1,213,050)	264,188
Tax effect	17	79,256	(79,256)
Remeasurement gain (loss) on retirement benefits, net of tax		(1,133,794)	184,932
December 31		(948,862)	184,932

There were no remeasurements on retirement benefits as at and for the year ended December 31, 2018.

The principal actuarial assumptions used are as follows:

	2020	2019
Discount rate	2.88%	4.95%
Salary increase rate	3.92%	5.00%
Average remaining working life	12.5	14.18
Weighted average duration of the defined benefit obligation	12	14

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

Assumptions regarding future mortality are set based on actuarial report as at December 31, 2019 in accordance with published statistical data and historical mortality experience in the Philippines. Management believes that such assumptions utilized as at December 31, 2020 has not significantly changed from the last valuation date.

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

	Impact on defined benefit obligation		
	Change in assumption	Increase in assumption	Decrease in assumption
2020			
Discount rate	1%	(1,194,697)	970,892
Salary increase rate	1%	2,649,196	547,850
2019			
Discount rate	1%	(871,492)	990,322
Salary increase rate	1%	975,613	(882,555)

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:

	2020	2019
Less than a year	2,202,563	1,798,804
Between one (1) to five (5) years	8,810,250	1,574,557
Over five (5) years but not more than ten (10) years	11,012,813	848,134
Over ten (10) years	22,025,626	31,788,553
	44,051,252	36,010,048

Note 13 - Share capital

Details of share capital as at December 31, 2020 and 2019 are as follows:

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, 2020 and 2019. 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:

	2020	2019	2018
Class “A”			
January 1	36,165,970	36,166,970	36,166,970
Purchase of treasury shares	(100,000)	(1,000)	-
December 31	36,065,970	36,165,970	36,166,970
Class “B”			
January 1	21,636,449	21,636,449	21,636,449
Purchase of treasury shares	(84,100)	-	-
December 31	21,552,349	21,636,449	21,636,449
Total outstanding shares	57,618,319	57,802,419	57,803,419

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

	2020	2019	2018
Class A	36,065,970	36,165,970	36,166,970
Class B	21,552,349	21,636,449	21,636,449
	57,618,319	57,802,419	57,803,419

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
2020				
Class "A"	36,065,970	1.00	June 30, 2000	378
Class "B"	21,552,349	1.00	June 30, 2000	55
	57,618,319			433
2019				
Class "A"	36,165,970	1.00	June 30, 2000	379
Class "B"	21,636,449	1.00	June 30, 2000	55
	57,802,419			434

Note 14 - Retained earnings; Treasury shares

The portion of retained earnings, corresponding to the undistributed equity in net earnings of the associates, is not available for distribution as dividends until declared by the associates.

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

	2020		2019	
	Shares	Cost	Shares	Cost
Class “A”	3,775,000	13,936,130	3,675,000	13,414,564
Class “B”	11,780,181	9,677,959	11,696,081	9,214,013
	15,555,181	23,614,089	15,371,081	22,628,577

As at December 31, 2020, total unrestricted retained earnings of the Parent Company amounted to P205.9 million (2019 - P189.1 million). The amount of unrestricted retained earnings is in excess of 100% of its paid-up capital as at December 31, 2020 and 2019. 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.

(a) Dividends

(i) Parent Company

The Parent Company's BOD declared cash dividends of P0.10 per share or P5.8 million in 2020, 2019 and 2018 as follows:

	2020	2019	2018
Date of declaration and approval	June 19	June 21	June 22
Date of shareholders’ record	July 9	July 5	July 6
Date paid	July 31	July 31	July 31

(ii) Subsidiaries

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

	Note	2020	2019	2018
Equity holders of Parent Company	11	10,548,867	1,500,000	36,940,000
NCI		9,654,808	-	34,524,000
GRDC to GMRI	11	296,325	-	1,036,000
		20,500,000	1,500,000	72,500,000

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

Note 15 - Earnings per share

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

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

	Note	2020	2019	2018
Net income attributable to equity holders of the parent		20,207,345	18,387,319	5,247,186
Weighted average number of shares outstanding	13	57,618,319	57,802,419	57,803,419
Basic earnings per share		0.351	0.318	0.091

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

Note 16 - Operating expenses

Operating expenses for the years ended December 31 consist of:

	Notes	2020	2019	2018
Salaries, wages, and employee benefits		12,063,802	11,409,246	14,563,534
Taxes and licenses		4,370,228	4,412,278	5,011,407
Professional fees		3,125,239	3,847,359	3,837,820
Contractual services		2,898,000	2,080,350	1,209,949
Depreciation and amortization	7, 8, 9	1,227,738	116,473	315,652
Utilities		741,595	766,631	641,847
Membership dues		467,305	481,782	515,217
Transportation and travel		442,186	620,565	830,059
Repairs and maintenance		197,677	104,039	2,525,584
Office supplies		92,653	176,879	173,955
Provision for impairment losses, net	3, 4	(575,487)	2,771,598	497,115
Reversal of accrued expenses	10	(800,000)	-	-
Others		685,756	986,820	1,277,240
		24,936,692	27,774,020	31,399,379

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

Note 17 - Income taxes

The Group's deferred income tax liability, net as at December 31 are as follows:

	2020	2019
Deferred income tax liabilities		
Lease receivable from straight-lining	1,507,947	1,554,160
Remeasurements on retirement benefits	-	79,256
	1,507,947	1,633,416
Deferred income tax assets of a subsidiary		
Allowance for doubtful accounts	(39,600)	-
Others	(2,340)	-
	(41,940)	-
December 31	1,466,007	1,633,416

Due to the change in remeasurements on retirements from gain to loss position, such deferred income tax liability and expense were reversed in 2020 (Note 12).

The deferred income tax assets and liability are expected to be recovered and settled, respectively, after more than 12 months from reporting date.

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

	2020		2019	
	Tax base	Tax effect	Tax base	Tax effect
Retirement benefit liability, net	1,663,717	499,115	-	-
Accrued expenses	1,387,070	416,121	983,040	294,912
Advance rentals	650,792	195,238	625,130	187,539
Unearned rental revenue	517,500	155,250	402,500	120,750
NOLCO	-	-	3,797,876	1,139,363
Allowance for doubtful accounts	-	-	1,767,668	530,300
	4,219,079	1,265,724	7,576,214	2,272,864
MCIT		1,608,903		999,362
		2,874,627		3,272,226

Details of NOLCO and MCIT as at December 31, which can be applied as deduction from taxable income over the next three (3) to (5) years immediately following the year incurred, are as follows:

		2020		2019	
Year incurred	Expiry year	NOLCO	MCIT	NOLCO	MCIT
2020	2025	-	757,077	-	-
2019	2022	-	521,380	-	521,380
2018	2021	-	330,446	-	330,446
2017	2020	-	-	3,797,876	147,536
		-	1,608,903	3,797,876	999,362

Movements in NOLCO for the years ended December 31 are as follows:

	2020	2019
January 1	3,797,876	6,153,310
Expired	-	(830,341)
Applied	3,797,876	(1,525,093)
December 31	-	3,797,876

Movements in MCIT for the years ended December 31 are as follows:

	2020	2019
January 1	999,362	609,704
Addition	757,077	521,380
Expired	(147,536)	(131,722)
December 31	1,608,903	999,362

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.

Income tax payable amounted to P0.2 million as at December 31, 2020 and 2019.

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

	2020	2019	2018
Current	5,084,329	1,827,767	2,472,117
Final tax on interest income	171,946	358,883	440,619
Deferred	(88,153)	475,167	(36,837)
	5,168,122	2,661,817	2,875,899

The reconciliation of the income tax at statutory income tax rate to income tax expense as shown in the consolidated statements of income is as follows:

	2020	2019	2018
Income tax computed at statutory tax rate of 30%	9,392,716	8,778,974	5,119,460
Adjustments resulting from tax effects of:			
Non-deductible expenses	474,546	1,124,645	482,467
Final tax on interest income	171,946	312,156	440,619
Interest income subjected to final tax	(257,918)	(487,304)	(419,373)
Changes in unrecognized deferred income tax assets	(848,454)	(2,853,508)	1,485,309
Differential in income subject to 5% on gross income	(1,000,554)	(1,521,623)	(3,719,128)
Non-taxable income and reversals	(2,764,160)	(2,691,523)	(513,455)
Effective income tax expense	5,168,122	2,661,817	2,875,899

Note 18 - Operating segments

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

	Investment holding	Real estate	Combined	Eliminations	Consolidated
2020					
Revenues and income					
KPMI	11,837,803	10,232,728	22,070,531	-	22,070,531
External customers	-	22,678,320	22,678,320	-	22,678,320
Equity in net earnings of an associate	-		-	7,607,779	7,607,779
Other related parties	22,937,989	420,000	23,357,989	(20,358,291)	2,999,698
Interest income from banks and others	889,418	-	889,418	-	889,418
Total revenues and income	35,665,210	33,331,048	68,996,258	(12,750,512)	56,245,746
Income before income tax	16,344,163	26,935,403	43,279,566	(11,970,512)	31,309,054
Income tax expense	(5,168,122)	-	(5,168,122)	-	(5,168,122)
Net income	11,176,041	26,935,403	38,111,444	(11,970,512)	26,140,932
Other comprehensive loss	(3,133,795)	-	(3,133,795)	-	(3,133,795)
Total comprehensive income	8,042,246	26,935,403	34,977,649	(11,970,512)	23,007,137
Other information					
Segment assets	904,274,549	240,428,908	1,144,703,457	(110,165,069)	1,034,538,388
Segment liabilities	8,869,466	3,864,931	12,734,397	(896,345)	11,838,052
Depreciation and amortization	1,227,738	-	1,227,738	-	1,227,738
2019					
Revenues and income					
KPMI	16,687,351	12,259,499	28,946,850	-	28,946,850
External customers	-	15,300,183	15,300,183	-	15,300,183
Equity in net earnings of an associate	-	-	-	8,926,743	8,926,743
Other related parties	13,795,719	976,680	14,772,399	(12,759,719)	2,012,680
Interest income from banks and others	1,850,811	-	1,850,811	-	1,850,811
Total revenues and income	32,333,881	28,536,362	60,870,243	(3,832,976)	57,037,267
Income before income tax	9,748,654	22,567,569	32,316,223	(3,052,976)	29,263,247
Income tax expense	(2,661,817)	-	(2,661,817)	-	(2,661,817)
Net income	7,086,837	22,567,569	29,654,406	(3,052,976)	26,601,430
Other comprehensive income	2,184,932	-	2,184,932	-	2,184,932
Total comprehensive income	9,271,769	22,567,569	31,839,338	(3,052,976)	28,786,362
Other information					
Segment assets	892,788,814	242,136,027	1,134,924,841	(110,165,069)	1,024,759,772
Segment liabilities	7,242,163	2,318,604	9,560,767	(896,346)	8,664,421
Depreciation and amortization	116,473	-	116,473	-	116,473
2018					
Revenues and income					
KPMI	12,229,452	12,259,499	24,488,951	-	24,488,951
External customers		9,469,031	9,469,031	-	9,469,031
Equity in net earnings of an associate	-	-	-	10,037,399	10,037,399
Other related parties	48,575,099	985,680	49,560,779	(47,489,099)	2,071,680
Interest income from banks and others	2,397,183	-	2,397,183	-	2,397,183
Total revenues and income	63,201,734	22,714,210	85,915,944	(37,451,700)	48,464,244
Income before income tax	35,669,942	18,066,623	53,736,565	(36,671,700)	17,064,865
Income tax expense	(2,875,899)	-	(2,875,899)	-	(2,875,899)
Net income	32,794,043	18,066,623	50,860,666	(36,671,700)	14,188,966
Other comprehensive income	15,000,000	-	15,000,000	-	15,000,000
Total comprehensive income	47,794,043	18,066,623	65,860,666	(36,671,700)	29,188,966
Other information					
Segment assets	881,874,166	241,385,894	1,123,260,060	(110,930,068)	1,012,329,992
Segment liabilities	17,629,137	3,267,265	20,896,402	(1,661,342)	19,235,060
Depreciation and amortization	80,151	235,501	315,652	-	315,652

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.

Rental income from KPMI comprise 18.2% of the Group's consolidated revenues and income in 2020 (2019 - 21.5%; 2018 - 25.3%).

Note 19 - Other matters

In September 2003, the Parent Company filed a complaint against PNOC for specific performance with the Regional Trial Court (RTC) of Batangas City for the enforcement of the contract relating to the option to purchase a piece of land in Batangas. A judgment was rendered in January 2006 in favor of the Parent Company ordering PNOC to accept the payment of P4.1 million as full and complete payment of the purchase price, and to execute a Deed of Absolute Sale in favor of the Parent Company. PNOC, however, filed an appeal with the Court of Appeals (CA) in the same year which the CA dismissed on December 19, 2011.

On July 25, 2016, the Supreme Court (SC) affirmed the decision of the CA in December 2011 in the resolution dated May 14, 2012 and upheld the Parent Company's option to buy the land and remanded the case to the RTC of Batangas City to update the Parent Company's Filipino equity ownership. On December 14, 2016, SC's decision became final and executory and was recorded in the Books of Entries of Judgments. As at January 29, 2021, the Parent Company is still awaiting on the final resolution of the RTC.

The Parent Company's cash deposit of P4.1 million with the Court is presented in the consolidated statements of financial position under other non-current assets. The remaining balance in other non-current assets pertain to other long-term deposits.

Note 20 - Financial risk management and capital management

20.1 Financial risk management

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

(a) Credit risk

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

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

Receivables are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. Significant concentration of credit risk in 2020 and 2019 pertains to the loan receivables from a related party (Notes 3 and 11), which comprise 74.8% and 82.7% of the Group's maximum exposure in credit risk in 2020 (2019 - 88%).

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

	Notes	High performing	Credit-impaired	Total
2020				
Cash and cash equivalents	2	80,366,937	-	80,366,937
Receivables, at gross	3	281,919,141	1,234,519	283,153,660
		362,286,078	1,234,519	363,520,597
2019				
Cash and cash equivalents	2	50,687,233	-	50,687,233
Receivables, at gross	3	276,038,317	2,152,580	278,190,897
		326,725,550	2,152,580	328,878,130

**Non-current portion of lease receivables arises from the straight-line recognition of rental income, hence, excluded.*

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

<u>Related parties</u>

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

<u>Third parties - High performing</u>

There is low credit risk exposure and immaterial ECL since these are current accounts with counterparties with no history of defaults. These accounts are classified as high performing. Third party trade receivables as at December 31, 2019 were fully collected in 2020. The Group does not hold any collateral as security for these receivables.

<u>Third parties - Credit impaired</u>

Lease receivable from a third party amounting to P0.8 million as at December 31, 2020 is considered credit-impaired due to significant past due default. The related lease contract has not been extended and was terminated in 2020. Management assessed a lifetime ECL of P0.1 million (Note 3).

As at December 31, 2019, receivable from a third party amounting to P1.8 million aged over 360 days was considered credit-impaired and has been fully provided with allowance for impairment per management's evaluation of the collectability of the long-outstanding receivable. The Group wrote-off the balance in full in 2020 (Note 3).

Other receivables from a third party amounting to P0.4 million aged over 360 days or significantly past due is considered credit-impaired. Management provided the balance with full allowance since the Group assessed that the amount may not be collectible (Note 3).

(b) Market risk

(i) Interest rate risk

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

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

	Change in interest rates (%)	Effect on income before income tax
December 31, 2020	+/- 38	+/- 4,277,325
December 31, 2019	+/- 23	+/- 3,789,791

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

(ii) Equity price risk

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

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

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

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

	Change in equity price (%)	Effect on other comprehensive income
December 31, 2020	+/- 10	+/- 1,499,999
December 31, 2019	+/- 10	+/- 1,000,000

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

	On demand	Less than 3 months	3 to 12 months	Total
2020				
Accounts payable and other current liabilities*	3,903,407	-	-	3,903,407
Refundable deposits	-	-	2,685,793	2,685,793
	3,903,407	-	2,685,793	6,589,200
2019				
Accounts payable and other current liabilities*	373,859	3,333,492	-	3,707,351
Refundable deposits	-	-	1,280,130	1,280,130
	373,859	3,333,492	1,280,130	4,987,481

**Excluding payable to government agencies, unearned rental revenue 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:

	2020	2019
Total liabilities	11,838,051	8,664,421
Total equity	1,022,700,336	1,016,095,351
Debt-to-equity ratio	0.012:1	0.009:1

The Group is not exposed to externally imposed capital requirement and there were no changes in the Group's approach to capital management during the year.

20.3 Fair value of financial instruments

(a) Cash and cash equivalents, and receivables

Due to the short-term nature of the Group's financial instruments, the fair values approximate their carrying amounts as at December 31, 2020 and 2019. Lease receivables are not subject to discounting; thus, the fair values approximate their carrying amounts as at December 31, 2020 and 2019.

(b) Financial asset at FVOCI

The fair value of quoted equity investment is determined by reference to quoted market bid price at the close of business at the end of the reporting dates since this is actively traded in organized financial markets. As at December 31, 2020 and 2019, the Group classifies its financial asset at FVOCI under Level 2 of the fair value hierarchy. For the years ended December 31, 2020 and 2019, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurement.

Note 21 - Critical accounting estimates, assumptions, and judgments

The preparation of the consolidated financial statements requires management to make judgments, estimates, and assumptions that affect the amounts reported in the consolidated financial statements and the related notes. The estimates, assumptions, and judgments used are based upon management's evaluation of the relevant facts and circumstances as at the date of the consolidated financial statements. These are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results could differ from such estimates.

The estimates, assumptions, and judgments that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

21.1 Critical accounting estimates and assumptions

(a) Impairment of financial assets

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

(b) Impairment of other current assets

Management believes that the Group's CWT and input VAT may not be recoverable because of the expected future minimal transactions where the Group's CWT and input VAT will be utilized. The amount and timing of recorded expenses for any period would therefore differ based on the judgment or estimates made. Details of allowance for impairment related CWT and input VAT are disclosed in Note 4. If assessment of recoverability of CWT was favorable, the Group's income before income tax would increase by P2.8 million in 2020 (2019 - P3.0 million; 2018 - P1.6 million).

(c) Fair value of equity instruments

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

(d) Fair value of investment properties

The fair value of the investment properties was determined using the market approach as at December 31, 2020 and 2019 (Note 7). The valuation of the investment properties was categorized as Level 3 measurement as it utilized adjusted inputs for valuation that were, for the major part, unobservable as at the date of valuation.

The following table summarizes the quantitative information about the significant unobservable inputs used in Level 3 fair value measurements as at December 31, 2020 and 2019:

Unobservable inputs	Range of inputs	Relationship of unobservable inputs to fair value
Asking price discount	10%	The higher the input, the lower the fair value.
Physical adjustments (location, neighborhood, size and development)	-30% to 5%	The higher the input, the higher the fair value.

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

(e) Estimated useful lives of intangible assets

The Group's management determines the estimated useful lives and related amortization charges for its intangible assets. This estimate is based on the expected future economic benefit to the Group. Management adjusts the 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 intangible assets approximate the actual economic benefits of these assets 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 intangible assets are disclosed in Note 9.

(f) Retirement benefits

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

The Group determines the appropriate discount rate at year-end dates. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the retirement benefit obligation. In determining the appropriate discount rate, the Group considers the interest rates of high-quality government bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related retirement benefit obligation.

Other key assumptions for retirement benefit obligation are based in part on current market conditions. Additional information is disclosed in Note 12.

21.2 Critical accounting judgments

(a) Impairment of investment in an associate

Investment in an associate carried at equity method is reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. To determine if its investment in an associate is impaired, the Group evaluates whether its ownership interest in the net assets of its associate after fair value adjustments on non-depreciable non-current assets is less than its cost. Other factors considered are financial health, and short and long-term business outlook, including operational and financing cash flows. As at December 31, 2020 and 2019, the Group's share in CLI's net assets after fair value adjustments is higher than its carrying value, hence, the asset is deemed not impaired. The carrying value of investment in CLI are disclosed in Note 6.

(b) Impairment of other non-financial assets

The Group assesses impairment on investment properties whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Determining the recoverable amount of investments properties (Note 7), property and equipment (Note 8), and intangible assets (Note 9) requires the determination of future cash flows expected to be generated from such assets. This includes considering certain indications of impairment such as significant changes in asset usage, significant decline in assets' market value, or physical damage of an asset, significant underperformance relative to expected historical or projected future operating results and significant negative industry or economic trends. The Group recognizes an impairment loss if such indications are present and whenever the carrying amount of an asset exceeds its recoverable amount. This requires the Group to make estimates and assumptions that can materially affect the consolidated financial statements. Future events could cause the Group to conclude that these assets are impaired. Any resulting additional impairment loss could have a material adverse impact on the Group's financial condition and results of operations. The Group considers each asset separately in making its judgment. As at December 31, 2020 and 2019, management assessed that there were no identified impairment indicators for its other non-financial assets.

(c) Classification of leases

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

(d) Contingencies

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

(e) Recognition of deferred income tax assets

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. Certain deferred income tax assets disclosed in Note 17 were recognized up to the amounts that management believes that future taxable profit will not be available against which the deferred income tax assets can be applied.

Note 22 - Summary of significant accounting policies

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

22.1 Basis of preparation

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

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

- financial assets at FVOCI; and
- the retirement benefit asset recognized as the total of the fair value of plan assets less the present value of the defined benefit obligation.

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

There are no new standards, amendments to existing standards, and interpretations that are effective for the annual periods beginning on January 1, 2020, and issued but not yet effective as at December 31, 2020, which would have a significant impact or are considered relevant 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, 2020 and 2019 and for each of the three years in the period ended December 31, 2020. 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, 2020 and 2019, NCI pertains to 44% and 5% ownership in GRDC of KPMI Retirement Plan and KPMI, respectively.

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

	2020			2019		
	GRDC	GMRI	Total	GRDC	GMRI	Total
Current assets	995,403	83,144,844	84,140,247	677,489	90,581,512	91,259,001
Non-current assets	3,248,792	570,309,858	573,558,650	3,229,782	570,064,378	573,294,160
Total assets	4,244,195	653,454,702	657,698,897	3,907,271	660,645,890	664,553,161
Current liabilities	98,168	394,036	492,204	144,707	686,555	831,262
Non-current liabilities	-	1,507,947	1,507,947	-	1,554,160	1,554,160
Total liabilities	98,168	1,901,983	2,000,151	144,707	2,240,715	2,385,422
Revenues and income	548,284	19,614,975	20,163,259	402,445	24,812,820	25,215,265
Income before income tax	418,462	14,220,448	14,638,910	242,407	19,715,011	19,957,418
Net income and total comprehensive income	383,463	13,147,544	13,531,007	183,376	18,133,092	18,316,468
Cash flows from:						
Operating activities	44,401	2,693,862	2,738,263	(488,390)	4,964,007	4,475,617
Investing activities	273,513	21,966,822	22,240,335	-	14,292,409	14,292,409
Financing activities	-	(20,000,000)	(20,000,000)	(1,500,000)	-	(1,500,000)
Net increase (decrease) in cash and cash equivalents	317,914	4,660,684	4,978,598	(1,988,390)	19,256,416	17,268,026
Accumulated balance of material NCI	-	362,725,139	362,725,139	-	-	366,446,360
Net income and total comprehensive income attributable to material NCI	-	5,933,587	5,933,587	-	-	8,214,111

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, 2018 are P358.2 million and P8.9 million, respectively.

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

22.3 Cash and cash equivalents

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

22.4 Receivables

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

22.5 Financial instruments

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

(a) Financial assets

(i) Classification

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

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

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at FVOCI. The Group reclassifies debt investments when and only when its business model for managing those assets changes. As at December 31, 2020 and 2019, the Group holds financial assets at FVOCI and at amortized cost. Financial assets at amortized cost include cash and cash equivalents (Note 22.3) and receivables (Note 22.4).

(ii) Recognition and derecognition

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

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

(iii) Measurement

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

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

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

(iv) Impairment

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

The Group applies the simplified approach to measuring expected credit loss which uses a lifetime expected loss allowance for all trade receivables. To measure the ECL, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognized within operating expenses in the consolidated statements of income. When a receivable remains uncollectible after the Group has exerted all legal remedies, it is written-off against the allowance account for receivables. Subsequent recoveries of amounts previously written-off are credited against operating expenses in the consolidated statements of income.

The expected loss rates are based on the collection profiles over a period of 60 months before January 1, 2019 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the bank interest rates to be the most relevant factor, and accordingly adjusts the historical loss rates based on expected changes in this factor.

(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. As at December 31, 2020 and 2019, the Group only holds financial liabilities at amortized cost which accrued expenses and other current liabilities, excluding payables to government agencies, unearned rental revenue and advance rentals (Note 21.12).

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

(ii) Initial recognition and derecognition

Financial liabilities are initially recognized at fair value of the consideration received plus directly attributable transaction costs. A financial liability is derecognized when the obligation under the liability is discharged or cancelled, or has expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in profit or loss.

(iii) Subsequent measurement

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

(c) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated statements of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Group or the counterparty. As at December 31, 2020 and 2019, there are no financial assets and financial liabilities that were offset.

22.6 Prepayments and other assets

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

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

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

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

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

22.7 Investment in an associate

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

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

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

After application of the equity method, the Group determines whether it is necessary to recognize any additional impairment loss with respect to the Group's net investment in the associate. The consolidated statements of income reflects the Group's share in the results of operations of the associate under the equity in net earnings of associates account. After the Group's interest is reduced to zero, additional losses are provided to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate. When there has been a change recognized directly in the equity of the associate, the Group recognizes its share of any change and discloses this, when applicable, in the consolidated statements of changes in equity.

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

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

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

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

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

22.8 Investment properties

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

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

Office condominium units and improvements	15 - 25
Furniture, fixtures and equipment	2 - 4

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

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

Investment properties are derecognized when either these have been disposed of or when the investment properties are permanently withdrawn from use and no future economic benefit is expected from their disposal. Any gains or losses on the retirement or disposal of investment properties are recognized in profit or loss in the year of retirement or disposal.

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

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

22.9 Property and equipment

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

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

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

Condominium units	15 to 25
Office machine, furniture and fixtures	1 to 7
Transportation equipment	5

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

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

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

22.10 Intangible assets

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

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

Directly attributable costs that are capitalized as part of the software product include the software development employee costs and an appropriate portion of relevant overheads.

Other development expenditures that do not meet these criteria are recognized as an expense as incurred. Development costs previously recognized as an expense are not recognized as an asset in a subsequent period.

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

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

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

22.11 Impairment of non-financial assets

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

Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses, if any, are recognized in the consolidated statements of 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 consolidated statements of income unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining estimated useful life.

22.12 Accrued expenses and other current liabilities

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

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

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

22.13 Fair value measurement

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

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

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

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

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

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

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

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

22.14 Equity

(a) Share capital and share premium

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

(b) Treasury shares

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

(c) Retained earnings

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

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

22.15 Earnings per share

(a) Basic

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

(b) Diluted

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

22.16 Revenues and income

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

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

The following specific criteria must be met before recognition:

(a) Rental income

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

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

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

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

(c) Interest income

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

(d) Dividend income

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

(e) Other income

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

22.17 Expenses

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

22.18 Employee benefits

(a) Short-term employee benefits

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

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

(b) Retirement benefits

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

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

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

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

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

(c) Termination benefits

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

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

22.19 Leases - Group as lessor

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

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

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

Operating leases

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

22.20 Income taxes

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

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

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

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

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

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

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

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

22.21 Operating segments

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

22.22 Provisions

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

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

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

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

22.23 Contingencies

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

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

22.24 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 on obligations between a reporting entity and a related party regardless of whether a price is changed.

22.25 Events after the financial reporting date

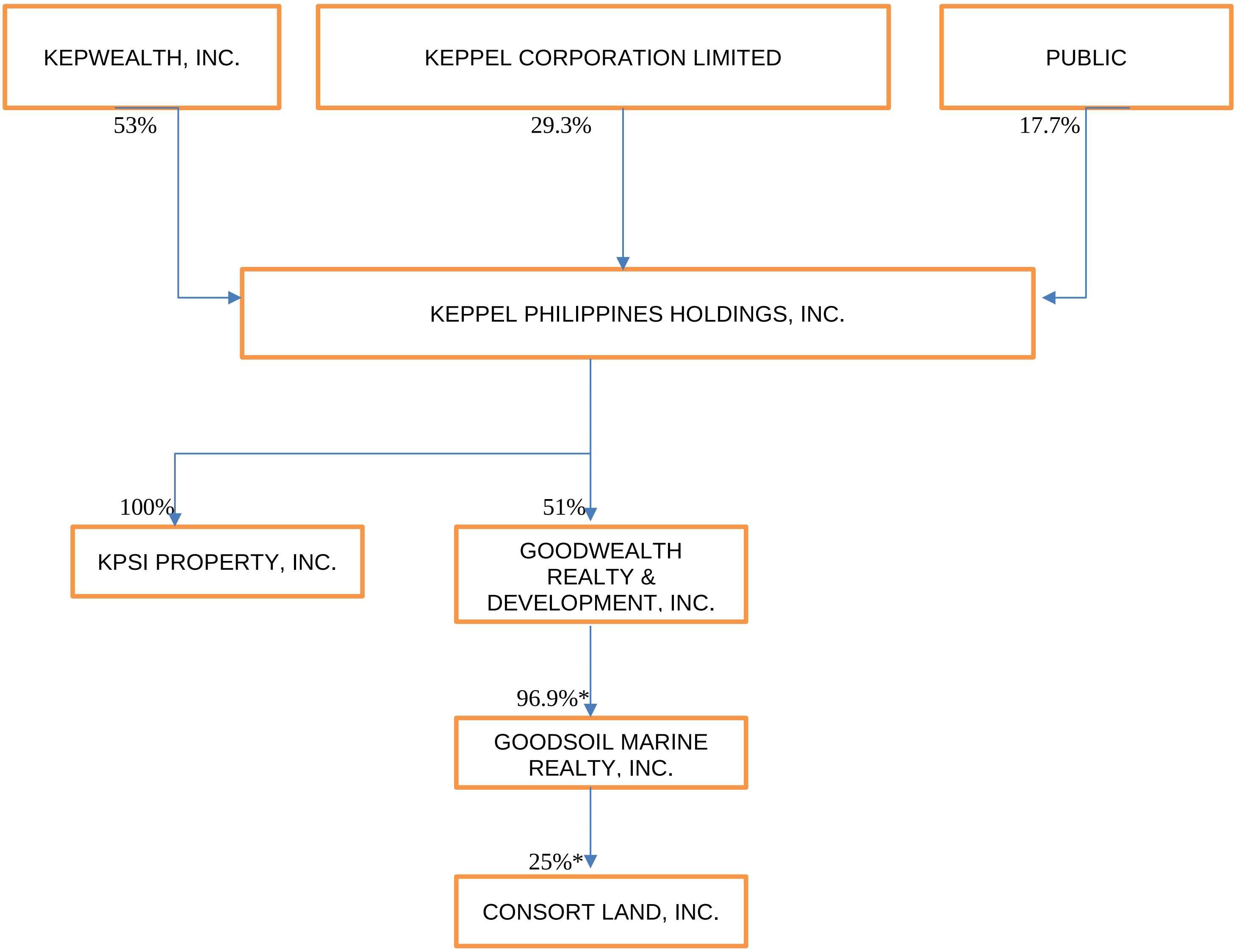
Post year-end events that provide additional information about the Group's position at the end of the reporting date (adjusting events) are reflected in the consolidated financial statements. Post year-end events that are not adjusting events are disclosed in the notes to the consolidated financial statements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

22.26 Reclassification

Interest received from cash and cash equivalents amounting to P1.8 million in 2019 (2019 - P1.5 million) has been reclassified from investing to operating activities in the consolidated statements of cash flows to conform to the current year presentation. The reclassification did not have any impact on previously reported financial position, results of operations and changes in equity.

Keppel Philippines Holdings, Inc. and Subsidiaries

Map of Relationships of the Companies within the Group
As at December 31, 2020



*Including voting rights

Keppel Philippines Holdings, Inc. and Subsidiaries

Financial Soundness Indicators
As at December 31, 2020 and 2019
(With comparative figures as at December 31, 2018)

Ratio	Formula		2020	2019	2018
A. Current and liquidity ratios					
Current ratio	Total current assets	334,175,682	38.37	46.54	18.02
	Divided by: Total current liabilities	8,708,328			
	Current ratio	38.37			
Acid test ratio	Total current assets	334,175,682	38.33	46.47	17.96
	Less: Other current assets	406,652			
	Quick assets	333,769,030			
	Divided by: Total current liabilities	8,708,328			
	Acid test ratio	38.33			
B. Solvency ratio	Total net income after tax	26,140,932	2.31	3.08	0.74
	Add: Depreciation and amortization	1,227,738			
		27,368,670			
	Divided by: Total liabilities	11,838,052			
	Solvency ratio	2.31			
C. Debt-to-equity ratio	Total liabilities	11,838,052	0.01	0.01	0.02
	Divided by: Total equity	1,022,700,336			
	Debt-to-equity ratio	0.01			
D. Asset-to-equity ratio	Total assets	1,034,538,388	1.01	1.01	1.02
	Divided by: Total equity	1,022,700,336			
	Asset-to-equity ratio	1.01			
E. Debt ratio	Total liabilities	11,838,052	0.01	0.01	0.02
	Divided by: Total assets	1,034,538,388			
	Debt ratio	0.01			
F. Profitability ratios					
Return on assets (%)	Net income	26,140,932	2.53	2.60	1.40
	Divided by: Total assets	1,034,538,388			
	Return on assets (%)	2.53			
Return on equity (%)	Net income	26,140,932	2.56	2.62	1.43
	Divided by: Total equity	1,022,700,336			
	Return on equity (%)	2.56			
Net profit margin (%)	Net income	26,140,932	46.48	46.64	29.28
	Divided by: Total revenues	56,245,746			
	Net profit margin (%)	46.48			
G. Earnings per share (EPS) attributable to equity holders of Parent	Net income after minority interest	20,207,345	0.35	0.32	0.09
	Divided by: Total shares outstanding	57,618,319			
	EPS attributable to equity holders of Parent	0.35			
H. Book value per share (BPS) attributable to equity holders of Parent	Total equity after minority interest	659,975,197	11.45	11.24	10.98
	Divided by: Total shares outstanding	57,618,319			
	BPS attributable to equity holders of Parent	11.45			

Keppel Philippines Holdings, Inc. and Subsidiaries

Schedule A - Financial Assets
As at December 31, 2020
(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*		80,366,937	80,366,937	859,728
Receivables, net**		282,636,748	282,636,748	11,256,118
		363,003,685	363,003,685	12,115,846
Financial asset at fair value through other comprehensive income***				
Wack-Wack Golf and Country Club, Inc.	1	35,000,000	35,000,000	-
		398,003,685	398,003,685	12,115,846

* 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.
****See Note 20.3 to the Consolidated Finance 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, 2020
(All amounts in Philippine Peso)

Name and designation of debtor	Beginning balance	Additions	Deductions: Amount collected	Deductions: Amount written-off	Current	Non-current	Ending balance
Accounts receivable							
Keppel Philippines Marine, Inc.	31,083,188	14,398,716	(14,971,828)	-	1,275,421	29,234,655	30,510,076
Keppel Subic Shipyard, Inc.	1,800	584,443	(317,738)	-	268,505	-	268,505
Keppel Infrastructure Holdings Pte. Ltd.	10,204	-	(10,204)	-	-	-	-
Keppel DHCS Pte. Ltd.	5,801	-	(5,801)	-	-	-	-
Kepwealth, Inc.	-	777,405	(777,405)	-	-	-	-
Keppel IVI Investments, Inc.	-	480,000	(480,000)	-	-	-	-
Keppel Energy Consultancy, Inc.	-	360,000	(360,000)	-	-	-	-
Keppel Philippines Properties, Inc.	-	170,000	(170,000)	-	-	-	-
Kepventure, Inc.	-	60,000	(60,000)	-	-	-	-
	31,100,993	16,830,564	(17,152,976)	-	1,543,926	29,234,655	30,778,581
Loans receivable							
Keppel Philippines Marine, Inc.*	273,364,970	11,256,118	(33,508,807)	-	251,112,281	-	251,112,281
	304,465,963	28,086,682	(50,661,783)		252,656,207	29,234,655	281,890,862

**Including interest receivable amounting to P1,112,281 and P1,364,970 as at December 31, 2020 and 2019, respectively. Information such as due dates, interest rates, terms of repayments and collateral, if any, are provided in Note 11 to the consolidated financial statements.*

See Notes 3 and 11 to the Consolidated Financial Statements.

Keppel Philippines Holdings, Inc. and Subsidiaries

Schedule C - Amounts Receivable from Related Parties
which are eliminated during the Consolidation of Financial Statements
As at December 31, 2020
(All amounts in Philippine Peso)

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

Keppel Philippines Holdings, Inc. and Subsidiaries

Schedule D - Long-Term Debt
As at December 31, 2020
(All amounts in Philippine Peso)

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

Keppel Philippines Holdings, Inc. and Subsidiaries

Schedule E - Indebtedness to Related Parties
As at December 31, 2020
(All amounts in Philippine Peso)

Name of affiliate	Beginning balance	Ending balance
Not applicable		

Keppel Philippines Holdings, Inc. and Subsidiaries

Schedule F - Guarantees of Securities of Other Issuers
As at December 31, 2020
(All amounts in Philippine Peso)

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

Keppel Philippines Holdings, Inc. and Subsidiaries

Schedule G - Share Capital
As at December 31, 2020
(All amounts in Philippine Peso)

Title of issue	Number of shares authorized	Number of shares issued and outstanding	Number of shares reserved for options, warrants, conversions, and other rights	Number of shares held by: Affiliates	Number of shares held by: Directors, officers, and employees	Number of shares held by: Others
Issued shares:						
Common class "A"	90,000,000	39,840,970	-	-	-	-
Common class "B"	200,000,000	33,332,530	-	-	-	-
Total	290,000,000	73,173,500	-	-	-	-
Less treasury shares:						
Common class "A"	-	3,775,000	-	-	-	-
Common class "B"	-	11,780,081	-	-	-	-
Total	-	15,555,081	-	-	-	-
Outstanding shares:						
Common class "A"	-	36,065,970	-	28,817,182	41	7,248,747
Common class "B"	-	21,552,349	-	18,609,835	3	2,942,511
Total	-	57,618,319	-	47,427,017	44	10,191,258

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, 2020
(All amounts in Philippine Peso)

Unappropriated retained earnings, based on audited financial statements, beginning		211,579,199
Add: Net income actually earned/realized during the period		
Net income during the period closed to retained earnings	23,723,329	
Less: Non-actual/unrealized income net of tax		
Equity in net income of associate/joint venture	-	
Unrealized foreign exchange gain - net (except those attributable to cash and cash equivalents)	-	
Unrealized actuarial gain	-	
Fair value adjustment	-	
Fair value adjustment of investment property resulting to gain	-	
Adjustment due to deviation from PFRS/GAAP - gain	-	
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under PFRS	-	
Subtotal	-	
Add: Non-actual losses		
Depreciation on revaluation increment (after tax)	-	
Adjustment due to deviation from PFRS/GAAP - loss	-	
Loss on fair value adjustment of investment property (after tax)	-	
Subtotal	-	
Net income actually earned during the period		23,723,329
Add (Less):		
Dividend declarations during the period	(5,761,832)	
Appropriations of retained earnings during the period	-	
Reversals of appropriations	-	
Effects of prior period adjustments	-	
Treasury shares	(23,614,089)	
		(29,375,921)
Total retained earnings, available for dividend, end		205,926,607

COVER SHEET

6	2	5	9	6						

S.E.C Registration Number

KEPPEL PHILIPPINES HOLDINGS, INC. AND SUBSIDIARIES

(Company's Full Name)

UNIT 3B COUNTRY SPACE I BLDG. 133 SEN GIL PUYAT AVE. SALCEDO VIL. BRGY BEL AIR MAKATI CITY

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

Alan I. Claveria/ Felicidad V. Razon	**8892 1816**
Contact Person	Company Telephone Number

1 2	3 1	**SEC Form 17Q-March 2021**	0 6	1 9
Month	*Day*	FORM TYPE	*Month*	*Day*
			Annual Meeting	

Secondary License Type, if Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

420 as of April 2021		
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 2021**

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 Salcedo Village, Barangay Bel-Air, Makati City — **1200**

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

Title of each Class	Number of shares of common stock outstanding
Common 'A'	**36,065,970**
Common 'B'	**21,552,349**
Total	**57,618,319 (Net of Treasury Shares of 15,555,181)**

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 1
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 2021
QUARTERLY REPORT

KEPPEL PHILIPPINES HOLDINGS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT MARCH 31, 2021 & DECEMBER 31, 2020
(IN PHILIPPINE PESOS)

A S S E T S	**Unaudited March 31 2021**	Audited December 31 2020
Current assets		
Cash and cash equivalents (Notes 6 and 21)	**73,323,274**	80,366,937
Receivables – net (Notes 7, 15 and 21)	**254,259,718**	253,402,093
Other current assets - net (Note 8)	**4,731,536**	406,652
Total current assets	**332,314,528**	334,175,682
Non-current assets		
Financial assets at fair value through other comprehensive income, net	**35,500,000**	35,000,000
Investment in associates (Note 10)	**420,796,895**	419,061,368
Lease receivables – net of current portion (Notes 7 and 15)	**28,964,181**	29,234,655
Investment properties – net (Note 11)	**205,288,439**	205,288,439
Property and equipment - net (Note 12)	**1,865,473**	1,558,162
Intangible assets, net (Note 13)	**5,826,322**	6,079,372
Other noncurrent assets (Note 7 and 23)	**4,140,710**	4,140,710
Total non-current assets	**702,382,020**	700,362,706
Total assets	**1,034,696,548**	1,034,538,388

LIABILITIES AND EQUITY

Current liabilities		
Accounts expenses and other current liabilities (Note 14)	**5,009,148**	5,846,669
Refundable deposits	**2,339,346**	2,685,793
Income tax payable	**263,304**	175,866
Total current liabilities	**7,611,798**	8,708,328
Noncurrent liabilities		
Retirement benefit liability, net (Note 16)	**2,023,717**	1,663,717
Deferred tax liability	**1,454,453**	1,466,007
Total noncurrent liabilities	**3,478,170**	3,129,724
Total liabilities	**11,089,968**	11,838,052
Equity		
Share capital (Note 17)	**73,173,500**	73,173,500
Share premium	**73,203,734**	73,203,734
Retained earnings (Note 18)	**502,627,053**	503,738,857
Investment revaluation reserve (Note 9)	**34,922,057**	34,422,057
Remeasurements on retirement benefit asset	**(948,862)**	(948,862)
Treasury shares (Note 18)	**(23,614,089)**	(23,614,089)
Total equity attributable to equity holders of the Parent	**659,363,393**	659,975,197
Non-controlling interests	**364,243,187**	362,725,139
Total equity	**1,023,606,580**	1,022,700,336
Total liabilities and equity	**1,034,696,548**	1,034,538,388

See accompanying Notes to Consolidated Financial Statements

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KEPPEL PHILIPPINES HOLDINGS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME
FOR THE PERIODS ENDED MARCH 31, 2021 AND 2020
(IN PHILIPPINE PESOS)
(UNAUDITED)

	March 31 2021	March 31 2020
Revenues and income		
Rental income (Notes 11 and 15)	**2,834,670**	9,029,079
Interest income (Notes 6 and 7)	**2,191,922**	3,588,443
Equity in net earnings of associates (Note 10)	**1,735,527**	2,751,678
Payroll service fees (Note 15)	**625,590**	-
Management fees (Note 15)	**189,000**	189,000
Others	**16,206**	19,467
Total revenues and income	**7,592,915**	15,577,667
Operating expenses (Note 19)	**(6,736,734)**	(6,674,800)
Income before income tax	**856,181**	8,902,867
Income tax expense	**(204,937)**	(636,032)
Net income for the period	**651,244**	**8,266,835**
Attributable to:		
Non-controlling interests	**1,518,048**	2,255,243
Equity holders of the parent	**(866,804)**	6,011,592
	651,244	8,266,835
Earnings per share attributable to equity holders of the parent	**(₱0.015)**	₱0.104

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, 2021 AND 2020
(IN PHILIPPINE PESOS)
(UNAUDITED)

	March 31 2021	March 31 2020
Net income for the period	**651,244**	8,266,835
Other comprehensive income		
Item that will not be reclassified to profit and loss:		
Unrealized fair value gain on available-for-sale financial assets (Note 9)	**500,000**	-
Total comprehensive income for the period	**1,151,244**	8,266,835
Attributable to:		
Non-controlling interest	**1,518,048**	2,255,243
Equity holders of the parent	**(366,804)**	6,011,592
	1,151,244	8,266,835

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, 2021 AND 2020
(UNAUDITED)
IN PHILIPPINE PESOS

	Attributable to equity holders of the Parent								
	Share capital *(Note 17)*	**Share premium** *(Note 17)*	**Retained earnings** *(Note 18)*	**Investment revaluation reserve** *(Note 9)*	**Remeasurements on retirement benefit asset** *(Note 16)*	**Treasury shares** *(Note 18)*	**Total**	**Non-controlling interests**	**Total equity**
Balance as of January 1, 2021	**73,173,500**	**73,203,734**	**503,738,857**	**34,422,057**	**(948,862)**	**(23,614,089)**	**659,975,197**	**362,725,139**	**1,022,700,336**
Comprehensive income									
Net income (loss)	**-**	**-**	**(866,804)**	**-**	**-**	**-**	**(866,804)**	**1,518,048**	**651,244**
Other comprehensive income	**-**	**-**	**-**	**500,000**	**-**	**-**	**500,000**	**-**	**500,000**
Total comprehensive income	**-**	**-**	**(866,804)**	**500,000**	**-**	**-**	**(366,804)**	**1,518,048**	**1,151,244**
Transaction with the owners									
Purchase of treasury shares	**-**	**-**	**-**	**-**	**-**	**-**	**-**		**-**
Cash dividend declared	**-**	**-**	**(245,000)**	**-**	**-**	**-**	**(245,000)**	**-**	**(245,000)**
Balance as of March 31, 2021	**73,173,500**	**73,203,734**	**502,627,053**	**34,922,057**	**(948,862)**	**(23,614,089)**	**659,363,393**	**364,243,187**	**1,023,606,580**
Balance as of January 1, 2020	73,173,500	73,203,734	489,293,344	36,422,058	184,932	(22,628,577)	649,648,991	366,446,360	1,016,095,351
Comprehensive income									
Net income for the period	-	-	6,011,592	-	-	-	6,011,592	2,255,243	8,266,835
Other comprehensive income									
Total comprehensive income		-	6,011,592	-	-	-	6,011,592	2,255,243	8,266,835
Transaction with the owners									
Purchase of treasury shares	-	-	-	-	-	(985,512)	(985,512)	-	(985,512)
Cash dividend declared	-	-	-	-	-	-	-	-	-
Balance as of March 31, 2020	73,173,500	73,203,734	495,304,936	36,422,058	184,932	(23,614,089)	654,675,071	368,701,603	1,023,376,674

See Accompanying Notes to Consolidated Financial Statements

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KEPPEL PHILIPPINES HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE PERIODS ENDED MARCH 31, 2021 AND 2020
(IN PHILIPPINE PESOS)
(UNAUDITED)

	March 31 2021	March 31 2020
Cash flows from operating activities		
Income before income tax expense	**856,181**	8,902,867
Adjustments for:		
Retirement plan benefit	**360,000**	449,700
Depreciation and amortization (Notes 11, 12, 13 and 19)	**340,739**	27,143
Provision for impairment losses – net (Note 7 and 8)	**104,315**	300,095
Equity in net earnings of associates (Note 10)	**(1,735,527)**	(2,751,678)
Interest income (Notes 6, 7 and 15)	**(2,191,922)**	(3,588,443)
Operating income (loss) before working capital changes	**(2,266,214)**	3,339,684
Decrease (increase) in:		
Receivables (Notes 7, 15, and 21)	**(467,021)**	(7,275,970)
Other assets (Note 8)	**(4,561,199)**	(5,419,298)
Increase (decrease) in:		
Accounts payable and other current liabilities	**(837,521)**	190,317
Refundable deposits	**(346,447)**	517,499
Net cash generated from operations	**(8,478,402)**	(8,647,768)
Income tax paid	**(129,052)**	(428,788)
Net cash provided by (used in) operating activities	**(8,607,454)**	(9,076,556)
Cash flows from investing activities		
Interest received	**2,203,791**	3,519,321
Collection of loan receivable from related party	**-**	10,000,000
Acquisition of property and equipment	**(395,000)**	-
Net cash provided by investing activities	**1,808,791**	13,519,321
Cash flows from financing activities		
Cash dividend declared and paid	**(245,000)**	-
Repurchase of shares	**-**	(985,512)
Net cash provided by (used in) financing activities	**(245,000)**	(985,512)
Net increase (decrease) in cash and cash equivalents	**(7,043,663)**	3,457,253
Cash and cash equivalents at the beginning of the period	**80,366,937**	50,687,233
Cash and cash equivalents at the end of the period (Note 6)	**73,323,274**	54,144,486

See accompanying Notes to Consolidated Financial Statements

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KEPPEL PHILIPPINES HOLDINGS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(in Philippine Pesos)

1. **Corporate Information**

Keppel Philippines Holdings, Inc. (KPHI or the Parent Company) and its subsidiaries, KPSI Property, Inc. (KPSI) and Goodwealth Realty Development Corporation (GRDC), including GRDC's subsidiary, Goodsoil Marine Realty, Inc. (GMRI) (collectively referred to as "the Group"), are incorporated in the Philippines. The Parent Company was registered with the Philippine Securities and Exchange Commission (SEC) on July 24, 1975 with registered office address is Unit 3-B Country Space 1 Building, 133 Sen. Gil Puyat Avenue, Salcedo Village, Barangay Bel-Air, Makati City. The Parent Company is involved in investment holding while the subsidiaries are in the real estate industry.

In 1987, the Parent Company became a publicly listed entity through initial public offering (IPO) of its shares. There was no follow on offering after the IPO.

KPHI's shares are publicly traded in the Philippine Stock Exchange (PSE). As of March 31, 2021 and December 31, 2020, the top three (3) shareholders are the following:

	Percentage of Ownership
Kepwealth, Inc.	53.0%
Keppel Corporation Limited (KCL)	29.3%
Public	17.7%

As at March 31, 2021 and December 31, 2020, the following are the Parent Company's subsidiaries which all belong to the real estate industry:

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

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

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

The Parent Company has 6 regular employees as at March 31, 2021 and December 31, 2020. The administrative functions of the subsidiaries are handled by the Parent Company's management.

Impact of Coronavirus Disease-2019

Subsequent to the outbreak of the Coronavirus Disease 2019 ("COVID-19") since the first quarter of 2020, a series of measures to curb the pandemic have been and continues to be implemented in the Philippines.

As a result of the implementation of the community quarantine, the Group has extended lease concessions to its related party lessees (Note 15). One of the Group's third-party lessees experienced difficulty in meeting obligations to the Group which resulted in the termination of its lease contract. Consequently, the Group incurred impairment loss amounting to P0.1 million in 2020 (Note 7). This was recovered as of March 31, 2021. Management continues to implement measures to mitigate and reduce any negative impact to its profitability or any other economic effects on its business. Measures have likewise been undertaken to preserve the health and safety of its employees and other stakeholders. Management is closely monitoring the status of the pandemic and its related impact on its business operations. As of 31 March 2021, management is continuously assessing the impact of the pandemic and deems that the entities in the Group will continue to operate as going concern within the year.

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2. Basis of Preparation and Statement of Compliance

Basis of Preparation

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

The unaudited consolidated financial statements have been prepared on a historical cost basis, except for financial asset at FVOCI and the retirement benefit asset recognized as the total of the fair value of plan assets less the present value of the defined benefit obligation.

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.

Basis of Consolidation

The unaudited consolidated financial statements comprise the separate financial statements of the Parent Company and its subsidiaries. The financial statements of the subsidiaries are prepared for the same reporting period as the Parent company, using consistent accounting policies. The Group uses uniform accounting policies; any difference between subsidiaries and Parent Company are adjusted properly.

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

Assessment of Control

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

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

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

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

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

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the Parent Company and to the NCI, even if it results in the NCI having a deficit balance. Acquisitions of NCI are accounted for using the acquisition method, whereby the Group considers the acquisition of NCI as an equity transaction. Any premium or discount on subsequent purchases from NCI shareholders is recognized directly in equity and attributed to the owners of the parent. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an acquisition. If the Group loses control over a subsidiary, it:

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

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

As of March 31, 2021 and December 31, 2020, NCI pertains to 44% and 5% ownership of KPMIRP and KPMI, respectively in GRDC.

The financial information of GRDC and its wholly owned subsidiary, GMRI is provided below. This information is based on amounts before inter-company elimination.

	March 31, 2021 (Unaudited)			December 31, 2020 (Audited)		
	GRDC	GMRI	Total	GRDC	GMRI	Total
Current assets	494,677	83,874,268	84,368,945	995,403	83,144,844	84,140,247
Noncurrent assets	3,247,977	570,952,925	574,200,902	3,248,792	570,309,858	573,558,650
Total assets	3,742,654	654,827,193	658,569,847	4,244,195	653,454,702	657,698,897
Current liabilities	76,628	435,549	512,177	98,168	394,036	492,204
Noncurrent liabilities	-	1,496,393	1,496,393	-	1,507,947	1,507,947
Total liabilities	76,628	1,931,942	2,008,570	98,168	1,901,983	2,000,151
Revenue and income	62,975	2,954,552	3,017,527	548,284	19,614,975	20,163,259
Income before income tax	29,379	1,498,534	1,527,913	418,462	14,220,448	14,638,910
Net income and total comprehensive income	19,999	1,360,938	1,380,937	383,463	13,147,544	13,531,007
Cash flows from:						
Operating activities	(45,658)	(3,164,101)	(3,209,759)	44,401	2,693,862	2,738,263
Investing activities	-	423,625	423,625	273,513	21,966,822	22,240,335
Financing activities	(500,000)	-	(500,000)	-	(20,000,000)	(20,000,000)
Net increase (decrease) in cash and cash equivalents	(545,648)	(2,740,476)	(3,286,124)	317,914	4,660,684	4,978,598
Accumulated balance of material NCI	-	364,243,187	364,243,187	-	362,725,139	362,725,139
Net income attributable to material NCI	-	1,518,048	1,518,048	-	5,933,587	5,933,587

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, 2021, which would have a significant impact or are considered relevant to the Group's consolidated financial statements

4. Significant Accounting Policies

The Group's disclosures on significant accounting principles and policies and practices are substantially the same with the disclosures made in December 31, 2020 audited financial statements and for the period ended March 31, 2021. 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, 2021, 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, 2020 audited financial statements, and no unusual items that materially affect the Group's assets, liabilities, equity, net income or cash flows.

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6. Cash and Cash Equivalents

This account consists of:

	Unaudited March 31 2021	Audited December 31 2020
Cash in banks	**11,367,418**	13,638,056
Cash equivalents	**61,955,856**	66,728,881
	73,323,274	80,366,937

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 three (3) months depending on the immediate cash requirements of the Group and earned interest at annual interest that ranged from 0.4% to 0.6% during the first quarter of 2021 and 2.5% to 3.6% in 2020.

Interest income earned from cash and cash equivalents amounted to ₱0.1 million for the period ended March 31, 2021 (2020 – ₱0.3 million). Accrued interest receivable from cash and cash equivalents amounted to ₱0.01 million in March 31, 2021 (December 31, 2020 – ₱0.03 million).

7. Receivables - Net

This account consists of:

	Unaudited March 31 2021	Audited December 31 2020
Loan receivable from a related party (Note 15)	**250,000,000**	250,000,000
Lease receivables:		
Related parties	**31,131,902**	30,158,922
Others	**-**	849,607
Interest receivable (Note 15)	**1,128,690**	1,140,560
Due from related parties (Note 15)	**963,307**	619,659
Others	**384,912**	384,912
	283,608,811	283,153,660
Less allowance for doubtful accounts	**(384,912)**	(516,912)
	283,223,899	282,636,748
Less non-current portion:		
Lease receivables (Note 14)	**(28,964,181)**	(29,234,655)
	254,259,718	253,402,093

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

	Unaudited March 31 2021	Audited December 31 2020
January 1	516,912	2,152,580
Provision (recovery)	(132,000)	132,000
Write-off	-	(1,767,668)
	384,912	516,912

The loan receivables from a related party pertains to unsecured, short-term interest-bearing loans obtained by KPMI, an entity under common control, from the Parent Company, GMRI and KPSI. (see Note 15)

Current portion of lease receivables and due from related parties are non-interest bearing and are generally 30 to 60-day terms. The noncurrent portion of lease receivables pertains to the difference between straight line method and contractual annual rents. These amounts are expected to reverse more than one (1) year from financial reporting date.

Interest receivable represents the Group's accrued interest on cash and cash equivalents and loan receivables.

Due from related parties representing receivables relating to reimbursement of expenses, is non-interest bearing and is due and demandable.

As at December 31, 2019, non-trade receivables pertain to deposit to a seller of a parcel of land, the title of which has not been transferred to the Group. The receivable was fully provided with allowance for

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impairment since 2003. In 2020, the Group wrote off the full amount as it deems it can no longer recover the balance after exhausting collection efforts.

The Group also recognized provision for impairment of lease receivable amounting to P0.1 million in 2020 pertaining to credit-impaired accounts from a third-party customer due to the latter's difficulty in meeting obligations to the Group in light of COVID-19. COVID-19 had no impact on other receivables of the Group. This provision has been recovered during the quarter ended March 31, 2021.

8. Other Current Assets – Net

This account consists of:

	Unaudited March 31 2021	Audited December 31 2020
Creditable withholding taxes (CWT)	**6,342,183**	6,071,888
Prepaid expenses	**3,848,645**	5,800
Input VAT	**720,586**	396,000
Advances to employees	**332,851**	209,378
Deposits	**29,630**	29,630
Others	**161,844**	161,844
	11,435,739	6,874,540
Less allowance for impairment loss	**(6,704,203)**	(6,467,888)
	4,731,536	406,652

Movements in the provision for impairment related to Input VAT and CWT as follows:

Unaudited March 31, 2021	**Input VAT**	**CWT**	**Total**
Balance at the beginning of the period	**396,000**	**6,071,888**	**6,467,888**
Provision for the period	**-**	**236,315**	**236,315**
Recovery of provision	**-**	**-**	**-**
Net provision (recovery)	**-**	**236,315**	**236,315**
Balance at the end of the period	**396,000**	**6308,203**	**6,704,203**

Audited December 31, 2020	Input VAT	CWT	Total
Balance at the beginning of the period	302,400	6,872,975	7,175,375
Provision for the year	93,600	2,846,676	2,940,276
Recovery of provision	-	(3,647,763)	(3,647,763)
Net provision (recovery)	93,600	(801,087)	(707,487)
Balance at the end of the period	396,000	6,071,888	6,467,888

In December 31, 2020, the Group recovered CWT amounting to ₱3.6 million and such was applied against income tax due, respectively. There is no recovery of provision as of March 31, 2021.

9. Financial Assets through Other Comprehensive Income

Details and movement of financial asset at FVOCI as at and for the end of the period:

	Unaudited March 31 2021	Audited December 31 2020
Original cost	**316,004**	316,004
Accumulated revaluation		
Beginning	**34,683,996**	36,683,997
Unrealized fair value gain (loss)	**500,000**	(2,000,001)
End	**35,183,996**	34,683,996
Balance at the end of the period	**35,500,000**	35,000,000

The movement of investment revaluation reserve for the period is as follows:

	Unaudited March 31 2021	Audited December 31 2020
Balance at the beginning of the period	**34,422,057**	36,422,058
Fair value gain (loss)	**500,000**	(2,000,001)
Balance at the end of the period	**34,922,057**	34,422,057

This account pertains to proprietary golf club share that provides the Group with opportunities for return through dividend income and trading 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 period.

10. Investment in Associates – at Equity

This account consists of:

	Unaudited March 31 2021	Audited December 31 2020
Investment in associate - CLI	**337,596,800**	337,596,800
Accumulated share in net income:		
Balance at beginning of the period	**81,464,568**	82,589,888
Equity in net earnings of associate	**1,735,527**	7,607,779
Cash dividend received	**-**	(8,733,099)
Balance at end of the period	**83,200,095**	81,464,568
	420,796,895	419,061,368

Investment in associate as at March 31, 2021 and December 31, 2020 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.

KPMI has a Share Purchase Agreement with GMRI for the transfer of 2,950,000 shares dated September 6, 2012. As at March 1, 2021, the Bureau of Internal Revenue issued the Certificate Authorizing Registration for the 2,950,000 shares in favor of GMRI.

GMRI received cash dividend from CLI amounting to ₱8.7 million as of December 31, 2020.

CLI's financial information for the periods ended March 31, 2021 and December 31, 2020 follows:

	Unaudited March 31 2021	Audited December 31 2020
Current assets	**64,401,734**	56,504,559
Noncurrent assets	**267,431,498**	267,883,671
Total assets	**331,833,232**	324,388,230
Current liabilities	**20,593,538**	20,090,643
Non-current liabilities	**2,180,247**	2,180,246
Total liabilities	**22,773,785**	22,270,889
Net assets	**309,059,447**	302,117,341
Revenue	**29,698,877**	144,714,466
Income before income tax	**7,431,389**	32,591,942
Net income and total comprehensive income	**6,942,106**	30,431,116

The Group share in the net assets of CLI amounted to ₱77.3 million as at March 31, 2021 (December 31, 2020 – ₱75.5 million).

The non-current assets of CLI represent prime lots held for appreciation, which are carried at cost. The fair value of the property is ₱2.5 billion as at December 31, 2020 based on the latest valuation report of an independent appraiser.

For the quarters ended March 31, 2021 and 2020, the Group's equity in net earnings of CLI amounted to ₱1.7 million and ₱2.8 million, respectively. No dividend declared and paid by CLI both for the periods ended March 31, 2021 and 2020.

The difference between the share in net asset and carrying amount of the investment amounting to ₱420.8 million as of March 31, 2021 pertains to fair value adjustments on prime land holdings of CLI (December 31, 2020 - ₱419.1 million).

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.

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11. Investment Properties - Net

This account consists of:

Unaudited March 31, 2021 and Audited December 31, 2020			
	Land	**Condominium Units**	**Total**
Cost	**205,288,439**	**3,689,178**	**208,977,617**
Accumulated depreciation	**–**	**3,689,178**	**3,689,178**
Net book values	**205,288,439**	**–**	**205,288,439**

Land and land improvement in Batangas are leased to related parties (Note 15) while condominium units are leased to related and third parties.

The investment properties have an aggregate fair value of ₱1.1 billion based on an appraisal by an independent appraiser in December 2019. The fair value of the investment properties was determined using inputs such as discount rates, terminal yields, expected vacancy rates as estimated by the independent appraiser or management based on comparable transactions and industry data. The management believes that the fair value as of March 31, 2021 has not significantly changed from the last valuation date.

Group as lessor

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

Aside from the aforementioned lease, the Group leases out its investment properties to third party and related party customers for periods ranging from one (1) month to three (3) years with option to renew for another one (1) month to three (3) years under such terms and conditions as may be mutually agreed upon by the parties to the contracts.

The Group also leases out a piece of land which is the subject of complaint against the Philippine National Oil Company (PNOC) (Note 23).

Rental income attributable to the investment properties for the periods ended March 31, 2021 and 2020 amounted to ₱2.8 million and ₱9.0 million.

Details of the advance rentals and refundable deposits received from third party and related customers as at March 31, 2021 and December 31, 2020 are as follows:

	Unaudited March 31, 2021			Audited December 31, 2020		
	Third parties	**Related parties**	**Total**	Third parties	Related Parties	Total
Advance rentals - Current	**-**	**304,345**	**304,345**	346,447	304,345	650,792
Refundable deposits-Current	**2,070,000**	**269,346**	**2,339,346**	2,416,447	269,346	2,685,793

The operating expenses directly attributable to the investment properties pertaining to rental, repairs and maintenance and real estate taxes amounted to ₱0.9 million as of March 31, 2021 (2020 - ₱1.6 million).

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12. Property and Equipment - Net

This account consists of:

Unaudited March 31, 2021

	Commercial Building	Office machine, furniture and fixtures	Transportation Equipment	Total
Cost:				
January 1	**5,397,020**	**2,254,159**	**776,186**	**8,427,365**
Additions	-	**395,000**	**-**	**395,000**
Disposal		**(151,959)**		**(151,959)**
March 31	**5,397,020**	**2,497,200**	**776,186**	**8,670,406**
Accumulated depreciation:				
January 1	**5,397,020**	**695,997**	**776,186**	**6,869,203**
Depreciation	**-**	**87,689**	**-**	**87,689**
Disposal		**(151,959)**		**(151,959)**
March 31	**5,397,020**	**631,727**	**776,186**	**6,804,933**
Net Book Value	**-**	**1,865,473**	**-**	**1,865,473**

Audited December 31, 2020

	Commercial Building	Office machine, furniture and fixtures	Transportation Equipment	Total
Cost:				
January 1	5,397,020	692,125	776,186	6,865,331
Additions	-	1,562,034	-	1,562,034
December 31	5,397,020	2,254,159	776,186	8,427,365
Accumulated depreciation:				
January 1	5,397,020	474,292	776,186	6,647,498
Depreciation	-	221,705	-	221,705
December 31	5,397,020	695,997	776,186	6,869,203
Net Book Value	-	1,558,162	-	1,558,162

Fully depreciated assets amounting to ₱6.3 million are still in use as of March 31, 2021 and December 31, 2020.

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, 2021 and December 31, 2020.

13. Intangible Assets – Net

	Unaudited March 31 2021	Audited December 31 2020
Cost:		
January 1, 2021 and December 31, 2020	7,085,405	7,085,405
Accumulated depreciation:		
January 1, 2021 and December 31, 2020	1,006,033	1,006,033
Depreciation	253,050	-
	1,259,083	1,006,033
Net Book Value	5,826,322	6,079,372

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, 2021 and December 31, 2020.

14. Accounts Payable and Other Current Liabilities

This account consists of:

	Unaudited March 31 2021	Audited December 31 2020
Accrued expenses	**3,878,642**	3,275,471
Advance rentals	**304,346**	650,792
Payable to government agencies	**198,851**	774,970
Unearned rent	**-**	517,500
Others	**627,309**	627,936
	5,009,148	5,846,669

Accrued expenses pertain to accrued professional fees, audit fee, directors' fees, fringe, membership dues, taxes and licenses, and other expenses. Payable to government agencies pertains to output VAT and withholding taxes. Other accounts payable pertains to unclaimed monies or dividends by stockholders.

Advance rentals from related parties and third-party customers are applied against rent due at the end of the lease term.

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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, 2021 and December 31, 2020 follow:

		As of March 31, 2021		As of December 31, 2020		
Related Party	**Notes**	**Transactions (1st quarter)**	**Outstanding receivable (payable)**	**Transactions (annual)**	**Outstanding receivable (payable)**	**Terms and conditions**
Entities under common control						
Rental Income (a)						
KPMI		**3,204,045**	**31,098,302**	10,232,728	30,158,922	The outstanding balance is collectible in cash, within first five (5) days of each month, non-interest bearing and unsecured.
Keppel IVI Investments, Inc. (KIVI)		**75,000**	**-**	300,000	-	
Keppel Energy and Consultancy Inc. (KECI)		**30,000**	**33,600**	120,000	-	
	7	**3,309,045**	**31,131,902**	10,652,728	31,158,922	
Advance rentals						
KPMI	14	**-**	**(269,346)**	-	(269,346)	The outstanding balance is to be applied on the last monthly rental at the end of the lease term, is non-interest bearing and unsecured.
KIVI		**-**	**(25,000)**	-	(25,000)	
KECI		**-**	**(10,000)**	-	(10,000)	
		-	**(304,346)**	-	(304,346)	
Refundable deposits - KPMI		**-**	**(269,346)**	-	(269,346)	Outstanding balance is payable in cash within 60 days from end of lease term, non-interest bearing and unsecured.
Various expenses and charges (b)						
KPMI		**31,900**	**-**	2,484,000	-	Outstanding balance is collectible in cash on demand, non-interest bearing and unsecured.
KPMI		**2,600**	**2,600**	16,703	-	
Keppel Subic Shipyard, Inc.		**-**	**-**	14,345	-	
	7	**34,500**	**2,600**	2,515,048	-	
Loans – KPMI (c)	7	**-**	**250,000,000**	-	250,000,000	Outstanding balance is collectible in cash, with terms of 88 to 92 days subject for renewal, interest-bearing at 3.1% to 3.4% per annum in 2021 (2020 – 3.4% to 4.9%), and unsecured.
Collection of loan receivables		**-**	**-**	(22,000,000)	-	
Interest income - KPMI		**2,126,339**	**1,118,617**	11,256,118	1,112,281	
Management fees (d)						
KECI		**60,000**	**67,200**	240,000	-	
KIVI		**45,000**	**-**	180,000	-	
Kepventure, Inc.		**15,000**	**-**	60,000	-	
		120,000	**67,200**	480,000	-	
Payroll service fees (e)						
KSSI		**326,907**	**558,982**	570,098	351,154	
KPMI		**298,683**	**334,525**	541,800	268,505	
		625,590	**893,507**	1,111,898	619,659	
Other Income (f)						
Commission - KPMI		**-**	**-**	1,123,485	-	
Director's Fees - KPPI		**-**	**-**	170,000	-	
Associates						
Cash dividend received	10	**-**	**-**	8,733,099	-	
Shareholders of the Parent Company						
Cash dividend declared and paid						Outstanding balance is collectible in cash on pay-out date as approved by the related party's BOD, non-interest bearing and unsecured
Kepwealth Inc.				3,053,293		
KCL				1,689,409		
Others		**(727)**	**(627,209)**	1,019,130	(627,936)	
				5,761,832	(627,936)	
Management fees – Kepwealth Inc.		**69,000**		276,000	-	
Various expenses and charges	7					
Kepwealth, Inc.		**-**	**-**	501,405	-	
Key management personnel (g)						
Salaries and other short-term benefits	13,17	**3,307,235**	**(1,527,700)**	3,645,212	-	The outstanding balance is payable every designated period per employee contracts, non-interest bearing and unsecured
Retirement benefit		**360,000**	**(2,023,717)**	1,026,662	(1,663,707)	

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Outstanding balances of transactions with related parties are unsecured and settlements are made in cash. As of this period, the Group has not made any provision for doubtful accounts relating to amounts owed by related parties because of the strong financial condition of the concerned entities. This assessment is undertaken each financial period through examining the financial position of the related party and the market in which the related party operates.

The following are the Group's significant transactions with related parties:

(a) *Leases*
The Group leases certain investments properties to related parties (Note 11). The Group granted lease concessions to KPMI equivalent to 25% on its rental from March 16, 2020 to December 31, 2020 covering the period of the General Community Quarantine which amounted to P2.6 million.

(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.

The Group also incurred share in various expenses due to KPMI relating to clearing and levelling operations on leased out properties amounting to P2.5 million in 2020.

(c) *Loans*
The Group granted short-term, interest-bearing loans to KPMI. Movements in loans receivable for the periods ended are as follows:

	Unaudited March 31 2021	Audited December 31 2020
Beginning	**250,000,000**	272,000,000
Collection	**-**	(22,000,000)
End	**250,000,000**	250,000,000

Total interest income earned from these loan agreements amounted to ₱2.1 million as of March 31, 2021 (2020 - ₱3.3 million). Accrued interest receivable amounted to ₱1.1 million both for the periods ending March 31, 2021 and December 31, 2020.

(d) *Management 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 agreement 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.

(e) *Payroll service fees*

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

(f) *Other income*

The Group entered into an agreement with KPMI to assist the latter in its bidding activities for select projects with the Group earning a 1% share in KPMI's revenues. The income is recognized under other income in the consolidated statements of income.

(g) *Key management personnel*

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

(h) *Elimination*

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

	Unaudited March 31 2021	Audited December 31 2020
Investment in subsidiaries	**110,165,069**	110,165,069
Dividend income of Parent Company from subsidiaries	**255,000**	10,548,867
Dividend income of GRDC from GMRI	**-**	296,325
Management fees of Parent Company from subsidiary	**195,000**	780,000

16. Retirement benefit plan

The Group has a funded, non-contributory defined benefit plan covering the retirement and disability benefits to its qualified employees and is being administered by a trustee bank. The normal retirement age is 60 years with at least five (5) years of service and optional retirement date is at age 50 or 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.

Net retirement benefit asset (obligation) in the statements of financial position as at March 31, 2021 amounted to ₱2.0 million (December 31, 2020 – ₱1.7 million).

The fair value of plan assets of the Group as at December 31, 2020 amounts to ₱10.6 which are mainly from contributions made in 2019, payment of benefit in 2020 of ₱1.8 million. No contributions made in 2020 and as at March 31, 2021.

The Group recognized provision for retirement benefit amounting ₱0.4 million both for the periods ending March 31, 2021 and 2020.

Movements in remeasurements on retirement benefits as at and for the year ended December 31, 2020 are as follows:

January 1	**184,932**
Remeasurement gain (loss)	**(1,213,050)**
Tax effect	**79,256**
Remeasurement gain (loss) on retirement benefits, net of tax	**(1,133,794)**
December 31	**(948,862)**

17. Share capital and share premium

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, 2021. Each share has right of one (1) vote. Authorized and issued shares as of March 31, 2021 and December 31, 2020 as follows:

Authorized – ₱1 par value	
Class "A"	**90,000,000**
Class "B"	**200,000,000**
	290,000,000
Issued	
Class "A"	**39,840,970**
Class "B"	**33,332,530**
Share capital	**73,173,500**
Share premium	**73,203,734**

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Movements in the number of outstanding shares (or issued less treasury shares) as at March 31, 2021 and December 31, 2020 are as follows:

	Unaudited March 31 2021	Audited December 31 2020
Class "A"		
Beginning	**36,065,970**	36,165,970
Purchase of treasury shares	**-**	(100,000)
End	**36,065,970**	36,065,970
Class "B"		
Beginning	**21,552,349**	21,636,449
Purchase of treasury shares	**-**	(84,100)
End	**21,552,349**	21,552,349
Total outstanding shares	**57,618,319**	57,618,319

Details of the Parent Company's weighted average number of shares as at March 31, 2021 and 2020 as follows:

Class "A"	**36,065,970**
Class "B"	**21,552,349**
	57,618,319

In accordance with SRC Rule 68, as Amended (2011), Annex 68-D, below is a summary of the Parent Company's track record of registration of securities as at March 31, 2021 and 2020:

Common Shares	Number of Shares Registered	Issue/Offer Price	Date of Approval	Number of Holders of Securities
Class "A"	36,065,970	1.00	June 30, 2000	378
Class "B"	21,552,349	1.00	June 30, 2000	55
	57,618,319			

There are 420 total shareholders per record holding both Class "A" and "B" shares both for the periods ending March 31, 2021 and 2020.

18. Retained Earnings; Treasury shares

The portion of retained earnings, corresponding to the undistributed equity in net earnings of the associates, is not available for distribution as dividends until declared by the associates.

Retained earnings are further restricted to the extent of treasury shares with the following details as of March 31, 2021 and 2020.

Treasury shares

	No. of Shares	Cost
Class "A"	**3,775,000**	**13,936,130**
Class "B"	**11,780,181**	**9,677,959**
	15,555,181	**23,614,089**

There are no cash dividend declared during the first quarter of 2021 and 2021.

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19. Operating Expenses

This account consists of:

	Unaudited March 31 2021	Unaudited March 31 2020
Salaries and benefits	**2,755,572**	3,307,235
Professional fees	**1,472,975**	679,869
Taxes and licenses	**1,131,115**	1,130,363
Depreciation and amortization	**340,739**	27,143
Contractual services	**212,625**	621,000
Utilities	**207,802**	179,571
Membership dues and subscriptions	**152,366**	108,038
Transportation and travel	**108,789**	128,923
Provision for impairment losses-net	**104,315**	300,095
Repairs and maintenance	**32,182**	42,108
Office supplies	**13,198**	-
Others	**205,056**	150,455
	6,736,734	6,674,800

Other expenses consist of fringe tax expense, insurance, postages, out-of-pocket charges, bank charges, business development expenses and various items that are individually immaterial.

20. Segment Information

For management reporting purposes, these Group activities are classified into business segments - (1) investment holding and (2) real estate. Details of the Group's business segments are as follows:

Unaudited March 31, 2021

	Investment Holdings	**Real Estate**	**Combined**	**Eliminations**	**Consolidated**
Revenues and income					
KPMI & third party	**2,533,100**	**3,324,288**	**5,857,388**	**-**	**5,857,388**
Inter-segment	**450,000**	**-**	**450,000**	**(450,000)**	**-**
Equity in net earnings of an associate	**-**	**-**	**-**	**1,735,527**	**1,735,527**
Total revenues and income	**2,983,100**	**3,324,288**	**6,307,388**	**1,285,527**	**7,592,915**
Income before income tax	**(2,114,730)**	**3,225,911**	**1,111,181**	**(255,000)**	**856,181**
Income tax expense	**(51,422)**	**(153,515)**	**(204,937)**	**-**	**(204,937)**
Net Income	**(2,166,152)**	**3,072,396**	**906,244**	**(255,000)**	**651,244**
Other comprehensive income	**500,000**	**-**	**500,000**	**-**	**500,000**
Total comprehensive income	**1,666,152**	**3,072,396**	**1,406,244**	**(255,000)**	**1,151,244**
Other Information					
Segment assets	**386,486,282**	**758,375,335**	**1,144,861,617**	**(110,165,069)**	**1,034,696,548**
Segment liabilities	**8,839,811**	**2,250,156**	**11,089,967**	**-**	**11,089,967**
Depreciation & amortization	**265,552**	**75,187**	**340,739**	**-**	**340,739**

Audited December 31, 2020

	Investment Holdings	Real Estate	Combined	Eliminations	Consolidated
Revenues and income					
KPMI & third party	34,767,020	13,870,947	48,637,967	-	48,637,967
Inter-segment	11,328,867	296,325	11,625,192	(11,625,192)	-
Equity in net earnings of an associate	-	-	-	7,607,779	7,607,779
Total revenues and income	46,095,887	14,167,272	60,263,159	(3,721,088)	56,245,746
Income before income tax	27,429,531	14,724,715	42,154,246	(10,845,192)	31,309,054
Income tax expense	(3,706,201)	(1,461,921)	(5,168,122)	-	(5,168,122)
Net Income	23,723,330	13,262,794	36,986,124	(10,845,192)	26,140,932
Other comprehensive income	(3,133,795)		(3,133,795)		(3,133,795)
Total comprehensive income	20,589,535	13,262,794	33,852,329	(10,845,192)	23,007,137
Other Information					
Segment assets	388,097,476	756,605,981	1,144,703,457	(110,165,069)	1,034,538,388
Segment liabilities	8,784,855	3,053,197	11,838,052	-	11,838,052
Depreciation & amortization	889,392	338,346	1,227,738	-	1,227,738

Segment assets and segment liabilities are measured in the same way as in the consolidated financial statements. These assets and liabilities are allocated based on the operations of 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*.

Rental income from KPMI amounted to ₱3.2 million both for the periods ended March 31, 2021 and 2020. Rental from KPMI comprises about 42% and 37% of the Group's revenue for the periods ended March 31, 2021 and 2020.

21. Financial Risk Management Objectives and Capital Management

Financial Risk Management

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

(a) Credit risk

Credit risk pertains to the risk that a party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss. The Group transacts mostly with related parties, thus, there is no requirement for collateral. There are significant concentrations of credit risk within the Group.

Receivables are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. Significant concentration of credit risk as of March 31, 2021 and December 31, 2020 pertains to loan receivables from a related company both amounting to ₱250.0 million, which comprise almost 98.7% of the Group's loan and receivables in both periods, respectively.

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

	Unaudited March 31 2021	Audited December 31 2020
Loans and receivables		
Cash and cash equivalents	**73,323,274**	80,366,937
Receivables		
Loan receivable from related party	**250,000,000**	250,000,000
Current portion of lease receivables*	**2,167,721**	1,773,874
Interest receivable	**1,128,690**	1,140,560
Due from affiliates & others	**1,348,219**	1,004,571
	327,967,904	334,285,942

**Noncurrent portion of lease receivables arises from the straight-line recognition of rental income, excluded.*

The Group expects the current portion of the lease receivables to be realized within three (3) months from end of the reporting period. The amounts due from related parties are all collectible and of good credit quality.

High grade assets are considered as having very low risk and can easily be converted to cash. These assets are considered for counterparties that possess strong to very strong capacity to meet their obligations.

As of March 31, 2021 and December 31, 2020, past due but not impaired receivables are aged 90 to 120 days while impaired receivables are aged over 120 days.

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

(ii) Receivables

Related parties
Credit exposure of the Group on loan and other receivables from related parties is considered to be low as there is no history of default and known to have strong credit standing of concerned related parties. Credit

risk is negligible since the related parties are faithfully paying on normal credit terms based on contracts. There were no provisions for doubtful accounts relating to amounts owed by related parties because of strong financial condition of the concerned entities. Terms are normally due on demand.

The maximum credit exposure is equal to the carrying amount as at March 31, 2021 and December 31, 2020.

Third parties
The credit quality of receivables that are neither past due nor impaired can be assessed as reference to historical information about counterparty default rates. The Group does not hold any collateral in relation to the receivables. None of the financial assets that are fully performing have been renegotiated in the last year or period.

(b) Interest rate risk
Interest rate risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of the changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term loan receivable with interest rate repriced on periodic basis. Since the Group's long-term loan was granted to a related party, there is no requirement for collateral or guaranty. The Group has no long-term loan receivable in 2021.

(c) Equity Price Risk
Equity price risk is the risk that the fair values of the equities will decrease resulting from changes in the levels of equity indices and the value of the individual stocks. The Group's price risk exposure relates to its quoted equity investments where values will fluctuate due to changes in market prices. Such quoted equity investments are subject to price risk due to changes in market values arising from factors specific to the instruments or its issuer or factors specific to the instruments traded in the market.

(d) Liquidity Risk
Liquidity is the risk that the entity will encounter difficulty in raising funds to meet commitments associated with financial instruments. Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding. The Group's objective is to maintain a balance between continuity of funding and flexibility using cash and cash equivalents, and loans. The Group also monitors its risk to shortage of funds through monthly evaluation of the projected and actual cash flow information.

Capital Management
The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios to support its business and maximize shareholder value. The Group manages its capital structure and adjust 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, 2021 and December 31, 2020 are as follows:

	Unaudited March 31 2021	Audited December 31 2020
Total liabilities	**11,089,967**	11,838,051
Total equity	**1,023,606,581**	1,022,700,336
Debt to equity ratio	**0.011:1**	0.012:1

The Group is not exposed to externally imposed capital requirements and there were no changes in the Group's approach to capital management during the period.

Fair Value Estimation of Financial Assets

(a) Receivables
Due to the short-term nature of the Group's financial instruments, the carrying amounts approximate their fair values as at March 31, 2021 and December 31, 2020. The carrying amounts of interest-bearing long-term loan receivables approximate their fair values due to periodic repricing based on market interest rates.

(b) Financial assets at fair value through other comprehensive income
The fair value of quoted equity instruments is determined by reference to quoted market bid price at the close of business at the end of the reporting dates since this is actively traded in organized financial markets. Unquoted financial assets are carried at cost, less any allowance for impairment loss.

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(c) Fair value hierarchy

As of March 31, 2021 and December 31, 2020, the Group classifies its quoted financial assets at fair value thorough other comprehensive income to ₱35.5 million and ₱35.0 million, respectively, under Level 1 of the fair value hierarchy. During the reporting periods ending March 31, 2021 and December 31, 2020, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurement.

22. Financial Soundness - Key Performance Indicators

	Unaudited March 31 2021	Audited December 31 2020
A. Current and liquidity ratios		
1. Current ratio - (Current assets/Current liabilities)	**43.66**	38.37
2. Acid-test ratio or Quick ratio - (Monetary current assets/Current liabilities)	**43.04**	38.33
B. Solvency ratio		
1. Net income + depreciation/Total liabilities (annualized)	**0.34**	2.31
2. Total assets/Total liabilities	**87.40**	87.39
C. Debt to equity ratio – (Total liabilities/Stockholders' equity)	**0.01**	0.01
D. Asset to equity ratio (Total assets/Stockholders' equity)	**1.01**	1.01
E. Debt ratio (Total liabilities/Total assets)	**0.01**	0.01
F. Interest rate coverage ratio (EBIT/Interest expense)	**Nil**	Nil
G. Profitability % (annualized)		
1. Return on assets (Net income/Total assets)	**0.25**	2.53
2. Return on equity (Net income/Stockholders' equity)	**0.25**	2.56
3. Net profit margin (Net income/revenue)	**8.58**	46.48
H. Earnings per share attributable to equity holders of the Parent (Annualized) - (₱)	**(0.06)**	0.35
I. Book value per share attributable to equity holders of the Parent (₱)	**11.44**	11.45
J. Price/Earnings ratio (Price per share/Earnings per common share (Annualized) (₱)	**(77.49)**	14.66

23. Other Matters

In September 2003, the Parent Company filed a complaint against the PNOC for specific performance with the Regional Trial Court (RTC) of Batangas City for the enforcement of the contract relating to the option to purchase a parcel of land in Batangas. Judgment was rendered in January 2006 in favor of the Parent Company ordering PNOC to accept the payment of ₱4.1 million, which was consigned with the Clerk of Court, as full and complete payment of the purchase price, and to execute a Deed of Absolute Sale in favor of the Parent Company. PNOC, however, filed an appeal with the Court of Appeals (CA), in the same year which was dismissed on December 19, 2011.

On July 25, 2016, the Supreme Court (SC) affirmed the decision of the CA in December 2011 in the resolution dated May 14, 2012 and upheld the Parent Company's option to buy the land and remanded the case to the RTC of Batangas City to update the Parent's Company's Filipino equity ownership. On December 14, 2016, SC's decision became final and executory and was recorded in the Book of Entries of Judgments. As of March 31, 2021, the Parent Company is still awaiting on the final resolution of the RTC.

The Parent Company's cash deposit of ₱4.1 million with the Court which is presented in the consolidated statement of financial position under other noncurrent assets. The said piece of land is the subject of a lease agreement between the Parent Company, KPMI and a third party. (see Note 11)

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Aging of Receivable as at March 31, 2021:
In Philippine Pesos

	Total	Current	2-3 Mos	4 - 6 Mos	7 -12 Mos	More than 1 year
Loan receivable - current	250,000,000	250,000,000	-	-	-	-
Lease receivables - current	2,167,721	2,167,721	-	-	-	-
Interest receivable	1,128,690	1,128,690	-	-	-	-
Due from related parties	963,307	963,307	-	-	-	-
Nontrade - receivables	384,912	-	-	-	-	384,912
Total	**254,644,630**	**254,259,718**	**-**	**-**	**-**	**384,912**
Less Allowance for doubtful accounts	384,912	-	-	-	-	384,912
Net Receivables	**254,259,718**	**254,259,718**	**-**	-	-	-

EXHIBIT II

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

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MANAGEMENT'S DISCUSSION AND ANALYSIS
OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

Results of Operations

The Group recorded a net income of ₱0.7 million for the first quarter ended March 31, 2021, 92% lower than ₱8.3 million during the same period last year. The reasons for the changes in net income are discussed as follows:

Rental revenue for the quarter ending March 31, 2021 amounted to ₱2.8 million, 69% lower than the same period last year of ₱9.0 million. The decrease was due to the termination of the lease rental on properties in Bauan, Batangas to a third party in December 2020.

The Group earned interest income of ₱2.2 million as of March 31, 2021, 39% lower than the same period last year of ₱3.6million. The decrease in net interest income was due to the lower short-term loan balance as of March 31, 2021 of ₱250.0 million as against last year same period of ₱262.0 million. The interest rates also decreased from average of 4.8% per annum as of March 31, 2020 to 3.3% this period.

During the first quarter of the year, the Group recognized lower equity in net earnings of an associate of ₱1.7 million, 37% lower than the same period last year of ₱2.8 million. The decrease in equity share was due to lower net income of ₱6.9 million as against same period last year of ₱11.0 million recognized by the associate brought by the lower power sales distribution revenue by 44% partly offset by lower operating costs by 37%.

In February 2020, the Parent Company entered into a payroll service agreement with related companies with regards to the payroll system upgrade of the Parent Company, KPMI and KSSI. From February to December 2020, the total payroll service charges amounted to ₱1.1 million. For the first quarter ended March 31, 2021, the payroll service fees amounted to ₱0.6 million.

Management fees charged to related parties amounted to ₱0.2 million both for the periods ended March 31, 2021 and 2020.

This quarter's operating expenses of ₱6.7 million is almost at the same level as last year. Professional fees increased by ₱0.8 million, depreciation and amortization by ₱0.3 million while salaries and benefits decreased by ₱0.5 million, contractual services by ₱0.4 million and provision for impairment by ₱0.2 million.

Financial Condition

The cash position of the Group as of March 31, 2021 amounted to ₱73.3 million, 9% lower than the ₱80.4 million recorded as of December 31, 2020. The decrease was due to the net cash used in operating activities of ₱8.6 million, acquisition of air-conditioning compressor of ₱0.4 million and cash dividend paid to shareholder of GRDC of ₱0.2 million. The decrease was partially offset by interest received from short-term loans and time deposits of ₱2.2 million.

Total receivables, both current and non-current, net of allowance amounted to ₱283.2 million and ₱282.6 million as of March 31, 2021 and December 31, 2020, respectively. There was no repayment of loan during the first quarter of 2021.

Other current assets as of this period increased to ₱4.7 million as against ₱0.4 million as of December 31, 2020. This was mainly due to the prepayments for real property tax and business tax of ₱3.2 million and other advances to service providers and others of ₱1.1 million.

Financial assets at fair value through other comprehensive income was revalued at ₱35.5 million this period as against December 31, 2020 of ₱35.0 million.

Investments in associates increased from ₱419.1 million as of December 31, 2020 to ₱420.8 million as of March 31, 2021. The increase of ₱1.7 million was due mainly to the recognition of equity in net earnings of associate.

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Fixed assets as of March 31, 2021 that amounted to ₱213.0 million was almost at the same level as of December 31, 2020. The Group acquired air-conditioning compressor amounting to ₱0.4 million. There was also disposal of fully depreciated old equipment amounting to ₱0.2 million.

Total liabilities as of March 31, 2021 and December 31, 2020 amounted ₱11.1 million and ₱11.8 million, respectively. The decrease of ₱0.7 million was due to payment of accruals in prior year and return of advance rental and deposit of an external party.

The equity attributable to equity holders of the Parent Company as of March 31, 2021 amounted to ₱659.4 million as against last December 31, 2020 of ₱660.0 million. The decrease was due to lower net income attributable to the Parent Company of ₱.9 million and cash dividend declared to GRDC's shareholder of ₱0.2 for the quarter ending March 31, 2021. This was partially offset by fair value gain on available for sale financial assets by ₱0.5 million.

Non-controlling interests as of March 31, 2021 amounted to ₱364.2 million as against last December 31, 2020 of ₱362.7 million. The increase was due to net income attributable to the noncontrolling interests of ₱1.5 million for the quarter ending March 31, 2021.

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 ₱11.44 as of March 31, 2021 was almost same level as of December 31, 2020 of ₱11.45 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 was at negative of ₱0.015 per share for the period ending March 31, 2021, as against ₱0.104 per share recorded as of March 31, 2020.

Material Events and Uncertainties

The COVID-19 global pandemic and the challenges it brings forth to the Philippine continues in 2021. During the year, the National Capital Region continued to be under the extended General Community Quarantine (GCQ) with its less stringent guidelines from January 1, 2021 to March 21, 2021. However, with COVID-19 cases spiking at an average of least 6,000 per day in March 2021 compared to 2,000 per day in February 2021, the government then put the National Capital Region (NCR), Bulacan, Laguna and Rizal (collectively known as "NCR Plus") under Enhanced Community Quarantine (ECQ) with its stricter lockdown guidelines effective March 22, 2021. Unlike the first ECQ in 2020, the public transports are allowed to operate but at reduced capacity. Likewise, curfew has been imposed in NCR Plus forcing businesses to adjust its operating hours. The NCR Plus bubble "lockdown" was later eased to the Modified Enhanced Community Quarantine (MECQ) on April 12, 2021 and has since been extended up to 14 May 2021. Most of the other areas in the Philippines remain under GCQ. The government's vaccination program has already started with medical front liners being given priority.

Business sectors allowed to operate ECQ, MECQ and/or GCQ depends on where they fall under the government's classification from Category I to Category IV, according to the essential nature of their product and service in the pandemic response and to the community.

In compliance to the government proclamations, memorandum, and guidelines and to mitigate the risk of spreading COVID-19 in the workplace, the Parent has provided alternative work options such as working from home to ensure continued business operations. The Parent continues to be in close communication with its stakeholders during 2021's GCQ, ECQ, & MECQ period that includes, among others, it's employees, lessees, borrowers, industry regulators, suppliers and service providers.

Notwithstanding the prevailing community quarantine level and the current COVID-19 situation in the Philippines, there are no known trends, commitments, events, or uncertainties that will have a material impact, whether favorable and unfavorable on the revenues or income from continuing operations of the Company. There

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are also no off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the Company with unconsolidated entities or other persons created during the period.

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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	:	07 May 2021

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KEPPEL PHILIPPINES HOLDINGS, INC.

MINUTES OF THE ANNUAL MEETING OF THE STOCKHOLDERS
Held at the KPMI Meeting Room, Unit 3-B Country Space 1 Bldg.,
133 Sen. Gil Puyat Avenue, Salcedo Village, Brgy. Bel-Air, Makati City
on **19 June 2020**

I. CALL TO ORDER

The Chairman, Mr. Kevin Chng Chee Keong, welcomed the stockholders to the annual meeting held via remote communication thru Webex and advised that the annual meeting for this year was held through teleconferencing to comply with the government's policy on social distancing and reduce the risk of exposure to the COVID-19 virus.

The Chairman also welcomed the independent and regular directors as well as the corporate officers of the Company, including the Corporate Secretary and her team from the Bello Valdez & Fernandez Law Firm and representatives of the external auditor, Isla Lipana & Co.

The following is the list of directors who attended the meeting via remote communication:

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. – newly elected Independent Director
Stefan Tong Wai Mun – Director
Felicidad V. Razon – Director/ Vice President / Treasurer

The following likewise attended the meeting via remote communication:

Ma. Melva E. Valdez – Corporate Secretary
Lory Anne P. Manuel-McMullin - Assistant Corporate Secretary
Pamela Ann T. Cayabyab – Associate, *Bello Valdez & Fernandez*
Catherine H. Santos - representative from Isla Lipana & Co. (PwC)

Thereafter, the Chairman called the meeting to order at about 11:30 a.m.

II. PROOF OF NOTICE OF MEETING AND CERTIFICATION OF QUORUM

Upon inquiry from the Chairman, the Corporate Secretary, Atty. Ma. Melva E. Valdez, advised that notices for this particular unprecedented virtual meeting had been sent to each and every 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 Advisory dated 20 April 2020 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 2020*. Likewise, the notice was published in the Philippine Daily Inquirer on May 27 and 28, 2020 and in the Business World on May 27 and 28, 2020. Furthermore, prior to the meeting and within the required deadline, the electronic copy of the Definitive Information Statement (IS), guidelines for conducting this meeting via remote communication and voting in absentia, and 2019 Audited Financial Statements were made available at the Company website and the Philippine Stock Exchange (PSE) Edge Portal.

With the assistance of STSI, the stock transfer agent of the Company, the quorum for this meeting was determined and, accordingly, the Corporate Secretary announced that, out of the total outstanding shares, about 82.31% were present either in person or by proxy hence, there was a quorum.

III. READING AND APPROVAL OF THE MINUTES OF THE ANNUAL STOCKHOLDERS' MEETING HELD ON 21 JUNE 2019

The Chairman was informed that copies of the minutes of the last annual stockholders' meeting held on 19 June 2019 were made available to the stockholders beforehand. Thus, on proper motion duly made and seconded, the reading of the aforesaid minutes was dispensed with and was accordingly approved by the stockholders as follows:

Stockholders Voting In Favor	Stockholders Voting Against	Stockholders who Abstained
82.31%	Nil	Nil

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

The Chairman stated that the Company's Annual Report (SEC form 17-A) was made available at the Company's website and PSE Edge Portal. Likewise, the electronic copies of the 2019 Audited Financial Statements was included in the Definitive IS which, as earlier mentioned, was published and posted in the Company's website and at the PSE Edge Portal prior to the holding of this meeting.

The Chairman welcomed questions from the stockholders. However, the stockholders did not have any question. Thereafter, upon motion duly made and seconded, the Audited Financial Statements for the year ended 2019 was approved by the stockholders as follows:

Stockholders Voting In Favor	Stockholders Voting Against	Stockholders who Abstained
82.31%	Nil	Nil

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

The Chairman opened the floor for a motion on the ratification of the corporate acts and proceedings of the Board of Directors, Officers, and Management of the Corporation for the period under review or from 21 June 2019 to 19 June 2020.

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

"**RESOLVED**, That all the official or corporate acts and proceedings of the Board of Directors, Officers and Management of the Corporation for the period beginning 21 June 2019 until 19 June 2020 are hereby approved and ratified."

Stockholders voted as follows:

Stockholders Voting In Favor	Stockholders Voting Against	Stockholders who Abstained
82.31%	Nil	Nil

VI. ELECTION OF DIRECTORS

The Chairman inquired from the Corporate Secretary if there had been any nominations submitted in accordance with the Corporation's By-laws and Manual on Corporate Governance. The Corporate Secretary answered in the affirmative and read the names of the five (5) nominees for election as regular members of the Board of Directors and three (3) nominees for independent directors for the year 2020-2021. She added that there were no other nominations lodged with the Corporate Governance and Nomination Committee or filed in accordance with the By-laws and Manual on Corporate Governance other than the names she had mentioned.

The procedure on voting in absentia was included in the Definitive IS (SEC form 20-IS) posted in the Company website.

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 7 nominees. The following were elected as directors of the Corporation for the year 2020-2021 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
82.31%	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 Sixty Thousand Pesos (₱60,000.00) per Director as director's fee for the financial year 2019.

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

> "**RESOLVED**, That the amount of SIXTY THOUSAND PESOS (P60,000.00) per director be as it is hereby appropriated and approved to be paid as and by way of directors' remuneration for the year 2019."

Stockholders voted as follows:

Stockholders Voting In Favor	Stockholders Voting Against	Stockholders who Abstained
82.31%	Nil	Nil

VIII. APPOINTMENT OF EXTERNAL AUDITOR

The Chairman proceeded to the next item in the agenda which is appointment of external auditors. The Board of Directors has recommended the re-appointment of Isla Lipana and Co. (PwC) as external auditor of the Corporation for the year 2020 at a fee to be fixed by Management.

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

> "**RESOLVED**, That Isla Lipana & Co. (PWC) be as it is hereby appointed as the external auditor of the Corporation for the year 2020 at a fee to be fixed by Management."

Stockholders voted as follows:

Stockholders Voting In Favor	Stockholders Voting Against	Stockholders who Abstained
82.31%	Nil	Nil

IX. OTHER MATTERS

The Chairman announced that the Board of Directors, in its meeting held earlier today, prior to the holding of the annual stockholders' meeting, had declared a P0.10 or 10% per share cash dividend for stockholders of record as of 09 July 2020; payment to be made on or before 31 July 2020.

The Chairman asked if there are other matters which must be discussed. Atty. Valdez remarked that the Company did not receive any queries, via email or otherwise, from shareholders prior to the meeting.

There was no other matter raised by the stockholders.

X. ADJOURNMENT

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

MA. MELVA E. VALDEZ
Secretary of the Stockholders' Meeting

ATTESTED BY:

KEVIN CHNG CHEE KEONG
Chairman of the Stockholders' Meeting