COVER SHEET

43370

SEC Registration Number

F & J PRINCE HOLDINGS CORPORATION

(Company's Full Name)

5TH FLR BDO TOWERS PASEO 8741 PASEO DE ROXAS MAKATI

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

Atty. Anne Jaycelle C. Sacramento

Contact Person

8892-7133 • 8892-7137

Company Telephone Numbers

Month	Day
12	**31**

Fiscal Year

Month	Day
04	**12**

Annual Meeting

PRELIMINARY INFORMATION STATEMENT

Form Type

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Number of Stockholders

Total Amount of Borrowings

Domestic

Foreign

File Number

LCU

Document I.D.

Cashier

STAMPS

Remarks = pls. use black ink for scanning purposes.

F & J Prince Holdings Corporation

5[th] Floor, BDO Towers Paseo, 8741 Paseo de Roxas, Makati City

ANNUAL STOCKHOLDERS' MEETING

July 11, 2024, 2024, 2:30PM
via ZOOM (details to be announced)

(PRELIMINARY)
INFORMATION STATEMENT

THE CORPORATION UNDERTAKES TO PROVIDE WITHOUT CHARGE TO THE SHAREHOLDERS, UPON THE WRITTEN REQUEST OF ANY SHAREHOLDER, A COPY OF THE ANNUAL REPORT ON SEC FORM 17-A. HOWEVER, THE MANAGEMENT RESERVES THE RIGHT TO CHARGE REASONABLE FEES FOR PROVIDING COPIES OF THE EXHIBITS ATTACHED TO THE REGISTRANT'S SEC FORM 17-A. SAID WRITTEN REQUEST MAY BE DIRECTED TO:

ATTY. ANNE JAYCELLE C. SACRAMENTO
Acting Corporate Secretary
F & J Prince Holdings Corporation
5[th] Floor, BDO Towers Paseo
8741 Paseo de Roxas, Makati City 1226

F & J Prince Holdings Corporation

May 6, 2024

SECURITIES AND EXCHANGE COMMISSION
7907 Makati Avenue, Salcedo Village,
Bel-Air, Makati City

Attention : MR. OLIVER O. LEONARDO
Director, Markets and Securities Regulation Department

THE PHILIPPINE STOCK EXCHANGE, INC.
6th Floor, PSE Tower, 5th Avenue corner 28th Street,
Bonifacio Global City, Taguig City

Attention : MS. ALEXANDRA D. TOM WONG
Officer-in-Charge, Disclosure Department

Subject : Preliminary Information Statement

Gentlemen:

In accordance with SRC Rule 20, prior to the sending of the Definitive copies to stockholders, we are submitting herewith for your review and approval, drafts of the following:

1) Preliminary Information Statement.
2) Notice of Annual Stockholders' Meeting.
3) Proxy Form.
4) 2023 Management Report.
5) 2023 Audited Financial Statements

The Statement of Management's Responsibility for Financial Statement was under oath and manually signed by the Chairman, Chief Executive Officer and Chief Financial Officer in the final 2023 Management/Annual Report. The Report of Independent Public Accountants was likewise manually signed by the certifying partner in the final printed 2023 Management/Annual Report.

We trust you will find the foregoing in order.

Very truly yours,

MARK RYAN K. COKENG
President

My Docs>F&J>2024 Files>SEC Form 20-IS>
Preliminary IS>MRKC Covering Letter

F & J Prince Holdings Corporation

NOTICE OF ANNUAL STOCKHOLDERS' MEETING

To: All Stockholders

NOTICE IS HEREBY GIVEN that the Annual Stockholders' Meeting of *F & J Prince Holdings Corporation* will be held on **July 11, 2024, Thursday at 2.30 PM via ZOOM, from the company's office at 5th Floor, BDO Towers Paseo, 8741 Paseo de Roxas, Makati City. In view of the ongoing Covid-19 pandemic, stockholders may only attend by remote communication, by voting in absentia, or by appointing the Chairman of the meeting as proxy. The Guidelines on the procedure registration for the meeting are provided in the company's website fjprince.com.**

The following matters will be taken up during the meeting:

1. **CALL TO ORDER.** The Chairman will formally open the 2024 Annual Stockholders' Meeting and will call the meeting to order.

2. **CERTIFICATION OF NOTICE AND QUORUM.** The Corporate Secretary will certify the date when the written notice of the time, date, place and purpose of the meeting was sent to all registered stockholders of record as of **April 26, 2024**. The Corporate Secretary will further certify the existence of a quorum. The holders of record of the majority of the stock of the Company then issued and outstanding and entitled to vote, represented in person or by proxy, shall constitute a quorum.

3. **APPROVAL OF THE MINUTES OF THE ANNUAL STOCKHOLDERS' MEETING HELD ON SEPTEMBER 7, 2023.** Copies of the minutes of the Annual Stockholders' Meeting held on September 7, 2023 will be distributed to the stockholders before the meeting. Shareholders will vote for the adoption of a resolution approving the Minutes of the annual meeting of the stockholders.

4. **PRESENTATION AND APPROVAL OF THE ANNUAL REPORT AND THE 2023 AUDITED CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2023.** Copies of the Annual Report and Audited Financial Statements will be distributed before the meeting. The President will deliver a report to the stockholders on the highlights of the financial performance and financial position of the Company in 2023, and will present highlights of the financial statements for 2023. The stockholders will be given an opportunity to ask questions on the Annual Report and 2023 Audited Consolidated Financial Statements. Thereafter, shareholders will vote for the adoption of a resolution approving the Annual Report and Audited Consolidated Financial Statements for fiscal year 2023.

5. **PRESENTATION OF MANAGEMENT REPORTS.** The President will deliver a report to the stockholders on the highlights of the Company's performance for the year 2023, the prospects for 2023, and the outlook for the year 2024.

6. **RATIFICATION OF ACTS AND RESOLUTIONS OF THE BOARD OF DIRECTORS AND MANAGEMENT SINCE THE LAST STOCKHOLDERS' MEETING.** Copies of the summary of the acts and resolutions of the Board of Directors and Management of the Company since the last stockholders' meeting to present will be distributed before the meeting, which includes, among others, the approval of contracts and agreements, projects and investments, treasury matters and acts of resolutions covered by the disclosures to the SEC and PSE. A resolution ratifying all the foregoing will be presented to the stockholders for their approval and adoption.

7. **ELECTION OF DIRECTORS**. The stockholders have to elect eleven (11) members of the Board of Directors, with at least two (2) independent directors. The list of names of nominees for the office of the Board of Directors for the year 2024-2025 will be announced, for purposes of their election.

8. **APPOINTMENT OF EXTERNAL AUDITOR FOR THE FISCAL YEAR 2024.** Upon the endorsement of the Audit Committee, the stockholders shall appoint the external auditor for the year 2024.

9. **APPROVAL OF THE PROPOSED AMENDMENTS TO THE ARTICLES OF INCORPORATION OF THE CORPORATION.** The amendment of Articles III on principal office address and IV on the corporate existence will be presented to the stockholders for its approval. Copies of the proposed amendments to the Articles of Incorporation will be distributed before the meeting.

10. **APPROVAL OF THE PROPOSED AMENDMENTS TO THE ARTICLES OF INCORPORATION OF THE CORPORATION.** The amendment of certain sections in Articles I, II and III of the By-Laws will be presented to the stockholders for its approval. Copies of the proposed amendments to the By-Laws will be distributed before the meeting.

11. **OTHER MATTERS AND OPEN FORUM.** Shareholders may raise questions or express comments that are relevant to the corporation.

12. **ADJOURNMENT.** Upon determination by the Corporate Secretary that there are no other matters to be considered, and on motion by the stockholders, the Chairman shall declare the meeting adjourned.

For purposes of the meeting, only stockholders of record at the close of business on April 26, 2024 shall be entitled to vote thereat.

This Notice will also be published twice in two (2) newspapers of general circulation and online format at least twenty-one (21) days before the date of the Annual Stockholders' Meeting.

Duly accomplished proxies in the form attached must be submitted on or before July 3, 2024 to the office of the Corporation not later than the close of office hours, or submitted online by email to fjphco@gmail.com. If the stockholder is a corporation, a Secretary's Certificate quoting the board resolution authorizing the corporate officer to execute the proxy should also be submitted.

Validation of proxies will be held on July 4, 2024, at 11:00 AM at the 5th Floor, BDO Towers Paseo, Paseo de Roxas, Makati City.

Makati City, April 18, 2024.

By Resolution of the Board of Directors:

Anne Jaycelle C. Sacramento

(ATTY.) ANNE JAYCELLE C. SACRAMENTO
Acting Corporate Secretary

Guidelines for Participating via Remote Communication and Voting *in Absentia* in 2024 Annual Stockholders' Meeting of F&J Prince Holdings Corporation. ***(Will be in the company's website fjprince.com).***

The 2024 Annual Stockholders' Meeting ("**ASM**") of F&J Prince Holdings Corporation is on July 11, 2024 at 2.30 PM and with a record date of April 26, 2024.

In consideration of the health and safety concerns of everyone brought by COVID 19 pandemic, the Board of Directors of the Company has approved and authorized our stockholders to participate in the ASM via remote communication and to exercise their right to vote in absentia.

Registration

The stockholder must notify the Corporate Secretary of his/her intention to participate in the ASM via remote communication and exercise his/her right to vote in absentia by no later than July 3, 2024, 2024 by emailing at fjphco@gmail.com and by submitting therewith the following supporting documents/information:

- For Individual Stockholders
  1. Copy of valid government ID of stockholder/proxy
  2. Stock certificate numbers
  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 and proxy (if any)

- For 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
  4. Email-address and contact number of the authorized representative

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

- For Stockholders with Shares under broker account
  1. Certification from the broker as to the number of shares owned by the stockholder
  2. Valid government ID of stockholder

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

Voting

The stockholders who have sent us their intention to participate in the ASM shall be notified via email of their log-in passwords for the zoom meeting. The stockholders can then cast their votes during the zoom meeting.

ASM Livestream

The stockholders who have the log-in passwords can participate in the ASM through zoom. Further instructions on how to access the live stream will also be posted at fjprince.com.

Open Forum

There will be an Open Forum during the meeting, where representatives of the Company may answer as many questions as time will allow. However, a stockholder may send their questions in advance by sending an email at fjphco@gmail.com on or before July 3, 2024.

The Company's Investor Relations Officer will answer questions received but not answered during the ASM by email.

Voting Procedures

(a) Vote required

The affirmative vote of the stockholders representing or holding at least a majority of the issued and outstanding capital stock entitled to and represented at the Annual Stockholders' Meeting is required for the approval of the matters presented to the stockholders for decision. The election of Directors is by plurality of votes.

(b) Method of voting

In all items for approval, each voting share of stock entitles its registered owner as of the Record Date to one vote. In light of the Regulations (as defined in Item 20), stockholders will only be allowed to vote by appointing the Chairman of the meeting as their proxy or electronically *in absentia*.

In case of the election of directors, each stockholder may vote such number of shares for as many persons as there are directors to be elected or he may cumulate the aforesaid shares and give one nominee as many votes as the number of directors to be elected multiplied by the number of his shares, or he may distribute them on the same principle among as many nominees as he shall see fit; provided that, the whole number of votes cast by him shall not exceed the number of shares owned by him multiplied by the total number of directors to be elected.

Proxies shall be in writing, signed, and filed by the stockholders in the form provided in this Information Statement, and shall be received by the Corporate Secretary at fjphco@gmail.com on or before July 30, 2024.

A stockholder may vote electronically *in absentia* using the online web address, fjphco@gmail.com subject to validation procedures. A stockholder voting electronically *in absentia* shall be deemed present for purposes of quorum.

All votes will be counted and tabulated by the Committee of Inspectors and Ballots of the Company and the results will be validated by an independent third party.

For any queries or concerns, please contact the office of the Corporate Secretary at (632) 8-892.7133 or via email at fjphco@gmail.com.

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 20- IS

INFORMATION STATEMENT PURSUANT TO SECTION 20 OF THE SECURITIES REGULATION CODE

1. Check the appropriate box:

__√__ **Preliminary Information Statement**

____Definitive Information Statement

F & J Prince Holdings Corporation

2. Name of Registrant as specified in its charter

Philippines

3. Province, country or other jurisdiction of incorporation or organization

43370 | **000-829-097**

4. SEC Identification Number | 5. BIR Tax Identification Number

5th Floor, BDO Towers Paseo
8741 Paseo de Roxas, Makati City | **1226**

6. Address of principal office | Postal Code

(632) 88927133 or 88927137

7. Registrant's telephone number, including area code

July 11, 2024, Thursday, 2.30PM
via ZOOM, 5th Floor, BDO Towers Paseo, 8741 Paseo de Roxas, Makati City

8. Date, time and place of the meeting of security holders

9. Approximate date on which the Information Statement is first to be sent or given to security holders.
May 29, 2024

10. In case of Proxy Solicitations:

F & J Prince Holdings Corporation

Name of Person Filing the Statement/Solicitor:

5th Floor, BDO Towers Paseo, 8741 Paseo de Roxas, Makati City
8892-7133 or 8892-7137

11. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the RSA (information on number of shares and amount of debt is applicable only to corporate registrants):

Title of Each Class	Number of Shares of Common Stock Outstanding or Amount of Debt Outstanding
Class "A"	**292,610,118**
Class "B"	**189,217,535**

12. Are any or all of registrant's securities listed on the Stock Exchange?

Yes ✓ No ____

If yes, disclose the name of such Stock Exchange and the class of securities listed therein

Philippine Stock Exchange, Class "A" and "B"

PART I

INFORMATION REQUIRED IN INFORMATION STATEMENT

A. GENERAL INFORMATION

ITEM 1. DATE, TIME AND PLACE OF MEETING OF SECURITY HOLDERS

Date	**:**	**July 11, 2024, Thursday**
Time	**:**	**2.30PM**
Place	**:**	**via ZOOM, 5th Floor, BDO Towers Paseo 8741 Paseo de Roxas, Makati City**
Complete mailing address of principal office	**:**	**5th Floor, BDO Towers Paseo 8741 Paseo de Roxas, Makati City 1226**

The Information Statement and the proxy forms and other solicitation materials may be accessed by the shareholders at the Company's website, fjprince.com, beginning June 13, 2024. In view of the ongoing Covid-19 pandemic, it is deemed advisable to hold this meeting by teleconference.

ITEM 2. DISSENTERS' RIGHT OF APPRAISAL

The appraisal right is available to any stockholder who will vote against the proposed corporate action in the following instances stated in the Revised Corporation Code (2019), *to wit*:

(1) any amendment to the Articles of Incorporation which has the effect of changing or restricting the rights of any stockholders 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 (Sec. 80 (a));

(2) any sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets (Sec. 80 (b));

(3) any merger or consolidation of the Corporation with or into another entity (Sec. 80 (c)); and
(4) any investment of corporate funds for any purpose other than the primary purpose for which the Corporation was organized (Sec. 80 (d)).

However, the present meeting is being called in order to discuss the following matters, namely:

(1) Approval of the Minutes of the 2023 Annual Stockholders' Meeting;
(2) Approval of the Audited Financial Statements as of 2023;
(3) Ratification of corporate acts of the Board of Directors and Management;
(4) Approval of the proposed amendments to the Articles of Incorporation of the Corporation, particularly the principal office address and corporate existence;
(5) Approval of the proposed amendments to the By-Laws of the Corporation;
(6) Election of members of the Board of Directors; and
(7) Appointment of the external auditor of the Corporation for the fiscal year 2024.

Therefore, the matters to be taken up during the meeting do not call for the availability and the exercise of the shareholder's appraisal right.

ITEM 3. <u>INTEREST OF CERTAIN PERSONS IN OR OPPOSITION TO MATTERS TO BE ACTED UPON</u>

None of the directors and executive officers of the Corporation, nor any associate of said persons, have any substantial interest, direct or indirect, in any matter to be acted upon at the meeting, other than elections to office.

None of the directors of the Corporation has informed the Corporation, whether in writing or otherwise, of any intention to oppose any matter to be taken up at the forthcoming stockholders' meeting.

B. CONTROL AND COMPENSATION INFORMATION

ITEM 4. <u>VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF</u>

The securities of the Registrant are divided into two (2) classes: Class A which is issued solely to Filipino citizens and Class B which may be issued to Filipino citizens or to aliens alike. As of March 31, 2024, One Hundred Forty Million One Hundred Forty-Four Thousand Two Hundred Fifty-Nine **(140,144,259)** shares are foreign owned.

The following number of shares is outstanding and entitled to vote as of **April 26, 2024**:

Class	No. of Shares Outstanding	No. of Votes to which entitled
Class "A"	292,610,118	292,610,118
Class "B"	189,217,535	189,217,535
Total	**481,827,653**	**481,827,653**

The record date for shareholders who shall be entitled to vote has been fixed at April 26, 2024. All shareholders entitled to vote may vote such number of shares of stock standing in his name on the stock and transfer book of the Corporation as of April 26, 2024. Said shareholders may vote such shares for as many persons as there are directors to be elected or he may cumulate said shares and give one (1) candidate as many votes as the number of directors to be elected multiplied by the number of his shares shall equal, or he may distribute them on the same principle among as many candidates as he shall see fit: *provided* that the total number of votes cast by him shall not exceed the number of shares owned by him as shown in the books of the Corporation multiplied by the total number of directors to be elected.

(1) Security Ownership of Certain Record and Beneficial Owners

As of April 26, 2024, the record or beneficial owners of Five Percent (5%) or more of the outstanding capital stock of the Corporation 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	PERCENTAGE
Common B	Essential Holdings Limited 11/F, Belgian House 77-79 Gloucester Road, Hong Kong *Stockholder*	Same as Record Owner Estate of Robert Y. Cokeng Mary K. Cokeng Managing Director	Foreign	139,778,670 Record & Beneficial	29.01%
Common A	PCD Nominee Corporation 37th Floor Tower I, The Enterprise, 6766 Ayala Avenue Makati City *Stockholder*	None of the beneficial owners own Five (5%) Percent or more of the outstanding capital stock of the Corporation	Filipino	71,547,390	14.86%

Common A & B	Pinamucan Industrial Estates, Inc. 5th Floor, Citibank Center, 8741 Paseo de Roxas, Makati City *A Subsidiary of the Subsidiary of Issuer*	Same as Record Owner Johnson U. Co President	Filipino	47,268,493 Record & Beneficial	10.44%
Common A	Magellan Capital Holdings Corporation 5th Floor, Citibank Center, 8741 Paseo de Roxas, Makati City *94% Subsidiary of Issuer*	Same as Record Owner Mark Ryan K. Cokeng President	Filipino	47,143,022 Record & Beneficial	9.92%
Common A	Consolidated Tobacco Industries of the Philippines, Inc. CTIP Compound, Ortigas Avenue Extension, Rosario, Pasig City *Stockholder*	Same as Record Owner Mark Ryan K. Cokeng President	Filipino	43,052,023 Record & Beneficial	8.93%
Common A	Vructi Holdings Corporation 52 Narra Avenue, Forbes Park, Makati City *Stockholder*	Same as Record Owner Rufino B. Tiangco President	Filipino	34,633,628 Record & Beneficial	7.18%

Mr. Mark Ryan K. Cokeng is the controlling stockholder of Essential Holdings Limited ("**EHL**"). He is also the President of the Registrant. Mr. Mark Ryan K. Cokeng has the power to vote the shares of EHL in the upcoming Stockholders' Meeting.

Mr. Mark Ryan K. Cokeng is the Chairman of Pinamucan Industrial Estates, Inc. ("**PIEI**"). He has voting power over the shares of stock of PIEI. He is also the President of the Registrant.

Mr. Mark Ryan K. Cokeng is the President of Magellan Capital Holdings Corporation ("**MCHC**") and has voting power over the shares of stock of MCHC in the Registrant.

Consolidated Tobacco Industries of the Philippines, Inc. ("**CTIP**") is principally owned and controlled by the Cokeng and Co families**.** Mr. Mark Ryan K. Cokeng is the President of CTIP and has voting power over the shares of stock of CTIP.

Vructi Holdings Corporation is controlled by Mr. Rufino B. Tiangco, a director of the Registrant. He has voting power over the shares of Vructi Holdings Corporation.

(2) Security Ownership of Management

As of April 26, 2024, the Directors, Executive Officers and Nominees of the Corporation are the beneficial owners of the following number of shares:

TITLE OF CLASS	NAME OF BENEFICIAL OWNER	AMOUNT AND NATURE OF BENEFICIAL OWNERSHIP		CITIZENSHIP	PERCENT OF OWNERSHIP
Common A	Estate of Robert Y. Cokeng	13,693,072 2,020,000	Direct Indirect	Filipino	3.26%
Common A	Katrina Marie K. Cokeng	10,000	Indirect	Filipino	.002%
Common A	Charlie K. Chua	5,000	Indirect	Filipino	0.0010%
Common A	Francis L. Chua	100,000	Direct	Filipino	0.02%
Common A	Johnson U. Co	1,100,000	Direct	Filipino	0.23%
Common A	Mark Ryan K. Cokeng	10,000	Indirect	Filipino	0.002%
Common A	Johnson Tan Gui Yee	15,371,747	Direct	Filipino	3.19%
Common A	Mary K. Cokeng	1,000	Indirect	Filipino	0.0002%
Common A	Johnny O. Cobankiat	7,227,076	Indirect	Filipino	1.50%
Common A	Peter L. Kawsek, Jr.	1,000	Indirect	Filipino	0.0002%
Common A & B	Rufino B. Tiangco	128,000	Direct	Filipino	0.03%
Total		**39,716,895**			**8.23%**

(3) Voting Trust Holders of 5% or More of the Outstanding Shares

No shareholder holding more than Five Percent (5%) of the outstanding capital stock of the Corporation holds such shares under a voting trust or similar agreement.

(4) Changes in Control

There has been no change in the voting control of the Registrant nor has there been any arrangement with any party which may result in a change of control since the last fiscal year.

ITEM 5. DIRECTORS AND EXECUTIVE OFFICERS

(1) Directors and Nominees

The following are the incumbent Directors and Executive Officers of the Registrant as well as nominee for Director, and their respective ages, citizenship, business experiences for the last five (5) years, positions and periods of service:

JOHNSON TAN GUI YEE, 77 years old, Filipino citizen.
Chairman of the Board

Elected on 18 January 2023 to a one-year term.

Chairman, Armak Tape Corporation; *President & Chief Executive Officer*, Armak Holdings and Development, Inc.; *President*, Yarnton Traders Corporation; *Director*, Magellan Capital Holdings Corporation.

B.S. Chemical Engineering and B.S. Mathematics

MARK RYAN K. COKENG, 37 years old, Filipino citizen.
President

Elected on 18 January 2023 to a one-year term.

President, F&J Prince Holdings Corporation*,* Magellan Capital Holdings Corporation and Magellan Capital Corporation; *Vice Chairman*, IPADS Developers, Inc., All Suites, Ince. And All IPADS, Inc.; *Vice Chairman and Regular Member of the Executive Committee*, Pointwest Technologies Corporation and Pointwest Innovations Corporation, *Director and Treasurer,* Business Process Outsourcing International, Inc.

Bachelor of Arts in Economics and Statistics, Boston University.

JOHNSON U. CO, 72 years old, Filipino citizen.
Vice-President for Administration and Director

Re-elected on 07 September 2023 to a one-year term. Director since 1996.

President, Pinamucan Industrial Estates, Inc., Sunflare Horizon International, Inc.; *Vice-President for Administration and Director*, Magellan Capital Holdings Corporation; *Treasurer*, Magellan Utilities Development Corporation and Malabrigo Corporation; *Director*, Pinamucan Power Corporation; *Vice Chairman*, Consolidated Tobacco Industries of the Philippines, Inc.

B.S. Mechanical Engineering, University of Sto. Thomas.

CHARLIE K. CHUA, 61 years old, Filipino citizen.
Independent Director

Re-elected on 07 September 2023 to a one-year term.

Vice President, Highland Tractor Parts, Inc.

B.S. Mechanical Engineering, University of the Philippines; Master of Science, Mechanical Engineering, University of California, Berkley.

MARY K. COKENG, 71 years old, Filipino citizen.
Treasurer

Elected on 18 January 2023 to a one-year term. Director since 2008.

Director, Essential Holdings, Limited, *Director*, Magellan Capital Holdings Corporation.

Bachelor of Arts, Management, University of Sto. Tomas.

JOHNNY O. COBANKIAT, 73 years old, Filipino citizen.
Director

Re-elected on 07 September 2023 to a one-year term. Director since 2008.

President, Ace Hardware Phils., Cobankiat Hardware, Inc. and Milwaukee Builders Center, Inc.; *Executive Vice President*, Hardware Workshop; *Vice Chairman*, R. Nubla Securities.

B.S. Accounting, De La Salle University.

FRANCIS LEE CHUA, 73 years old, Filipino citizen.
Director

Re-elected on 07 September 2023 for a one-year term. Director since 2001.

General Manager, Sunny Multi Products and Land Management Inc., Midori Carpet; *Corporate Secretary*, Sunflare Horizon International, Inc.

B.S. Management, Ateneo University.

PETER L. KAWSEK, JR., 67 years old, Filipino citizen
Independent Director

Re-elected on 07 September 2023 to a one-year term.
President, Apo International Marketing Corporation; Bekter Ventures Inc.; *Vice President*, Kawsek Inc.

Bachelor of Science in Business, De La Salle University

RUFINO B. TIANGCO, 75 years old, Filipino citizen.
Director

Re-elected on 07 September 2023 to a one-year term. Director since 1997.

Chairman of the Board, R.A.V. Fishing Corporation, Midbound Vitas Central Terminal & Shipyards Corp.; *President*, Vructi Holdings Corporation; Trufsons Holdings Corporation, Ruvict Holdings Corporation; *Director*, Magellan Capital Holdings Corporation and Magellan Utilities Development Corporation.

B.S. Mechanical Engineering, University of Sto. Tomas

KATRINA MARIE K. COKENG, 44 years old**, Filipino citizen**
Director

Re-elected on 07 September 2023 to a one-year term.

Co-Founder & CEO, Xen Technologies PTE LTD, Singapore; Previous positions: *Co-Founder and Chief Commercial Officer*, Oriente Finance (HK) LTD; *Strategic Pricing Director*, Asia Pacific, Estee Lauder (HK) LTD; *Vice President*, ING Pomona Capital (HK) LTD; *Engagement Manager*, Corp. Finance, McKinsey & Company.

Master in Business Administration, Harvard Business School; AB, Economics and Psychology, Summa Cum Laude, Phi Betta Kappa, Smith College

PONCIANO K. MATHAY, 65 years old, Filipino citizen
Senior Vice President, Compliance Officer, and Asst. Corporate Secretary

Re-appointed by the Board on 07 September 2023.

President, MHM Energy Corp.; *Consultant*, Pointwest Technologies Corp.; *Director*, Alcorn Petroleum and Minerals Corporation; *Formerly Vice President*, Alcorn Gold Resources.

AB Psychology, University of Washington, MS Business Management, A.D. Little (Hult) Cambridge, Massachusetts.

FINA BERNADETTE D.C. TANTUICO, 62 years old, Filipino citizen.
Corporate Secretary

Re-elected on 07 September 2023 to a one-year term.

Legal Counsel and Corporate Secretary, F & J Prince Holdings Corporation and its subsidiaries and affiliates (2002 up to the present); Magellan Capital Holdings Corporation and its subsidiaries, Magellan Utilities Development Corporation, Pointwest Technologies Corporation, Pointwest Innovations Corporation, Pinamucan Industrial Estates Inc; *Corporate Secretary*, Philippine Telegraph & Telephone Co. (PT&T), Capitol Wireless Inc. (Capwire), Philippine Wireless Inc. (Pocketbell), Republic Telecommunications Company (Retelcom), U.P. Law Alumni Foundation Inc. (UPLAF), *Former Assistant Vice-President and Corporate Secretary,* United Overseas Bank Philippines (2000-2001). Former *President* of the Philippine Bar Association. *Professorial Lecturer*, University of the Philippines College of Law; member, Inter-Country Placement Committee of the national Authority for Child Care (Inter-Country Adoption Board).

Law Degree, University of the Philippines.

ANNE JAYCELLE C. SACRAMENTO, 36 years old, Filipino citizen
Acting Corporate Secretary

Appointed on 12 April 2024 and to serve until the next election of officers.

Legal Consultant and Corporate Secretary, F&J Prince Holdings Corporation and its subsidiaries and affiliates; *Managing Partner,* Sacramento Himala and Virtucio Law Offices ("**PSHV Law**").

B.S. Business Administration, University of the Philippines, *Cum Laude*
Juris Doctor, University of the Philippines

Term of Office. The directors of the Registrant were elected during the annual stockholders' meeting held on September 7, 2023. The directors and officers have a one (1) year term of office.

Executive Officers. The Executive Officers of the Registrant, and their respective ages, citizenship, positions are as follows:

NAME	AGE	CITIZENSHIP	POSITION	PERIOD DURING WHICH THE INDIVIDUAL HAS SERVED AS SUCH
Johnson Tan Gui Yee	77	Filipino	Chairman of the Board	January 2023 to present
Mark Ryan K. Cokeng	37	Filipino	President	January 2023 to present
Ponciano K. Mathay	64	Filipino	Senior Vice President, Compliance Officer, and Assistant Corporate Secretary	2018 to present
Johnson U. Co	72	Filipino	Vice-President for Administration	2013 to present
Mary K. Cokeng	72	Filipino	Treasurer	January 2023 to present
Fina C. Tantuico	62	Filipino	Corporate Secretary	2009 to present

During the Annual Stockholders' Meeting held on 12 July 2006, the stockholders, constituting more than 2/3 of the issuer's outstanding capital stock, approved the proposed amendment to the By-Laws adopting the requirements of SRC Rule 38 on the nomination and election of Independent Directors. The aforesaid amendment to the company's By-Laws adopting the requirements of SRC Rule 38 was approved by the SEC on February 2008.

Pursuant to SRC Rule 38 as amended, the Company's Nominations Committee promulgated the following guidelines to govern the conduct of the nomination for independent directors:

1. The Committee shall ascertain that all candidates for nominees meet the qualifications of an independent director pursuant to the Code of Corporate Governance and applicable issuances from the SEC.

2. Each of the Committee members shall choose possible nominees from candidates nominated by shareholders. The nominees must meet the following minimum qualifications:

   (i) He shall have at least one (1) share of stock of the corporation;
   (ii) He shall be at least a college graduate or he shall have been engaged or exposed to the business of the corporation for at least five (5) years;
   (iii) He shall possess integrity/probity; and
   (iv) He shall be assiduous.

The members of the Nomination Committee of the Registrant are the following:

Mark Ryan K. Cokeng	-	Chairman
Rufino B. Tiangco		
Johnson Tan Gui Yee		
Charlie K. Chua	-	Independent Director

Nomination for Directorship. The nominees for Directors are all ten (10) incumbent directors namely Charlie K. Chua, Johnson U. Co, Mark Ryan K. Cokeng, Johnny O. Cobankiat, Katrina Marie K. Cokeng, Mary K. Cokeng, Francis L. Chua, Peter L. Kawsek, Jr., Johnson Tan Gui Yee, and Rufino B. Tiangco. The Nomination committee likewise nominated Ryan Wesley Yapkianwee as director of the Corporation. The Nomination committee has determined that they meet the qualifications for directors as outlined above. The nominees for Independent Directors are: Peter L. Kawsek, Jr. and Charlie K. Chua. Mr. Peter Kawsek was nominated by shareholder Betty C. Dy who is not related to the nominee. Mr. Charlie K. Chua was nominated by Arsenio Tang who is not related to the nominee.

Appraisals and Performance Report. The Board shall institute a system for Appraisal and Performance of the Directors based on attendance and contribution to discussion and matters brought to the Board for discussion and approval.

Director's discussions on self-dealing and related party transactions. Katrina Marie K. Cokeng is the Co-founder and Group CEO of XEN Technologies Pte. Ltd., a company providing a platform for private investments. It utilizes financial technology to enable accredited investors and their advisors to access private equity funds, venture funds, hedge funds, and real estate funds. It is headquartered in Singapore. The Registrant has investments in XEN Technologies Pte Ltd. In discussion on these investments, aside from Katrina Marie K. Cokeng, Mary K. Cokeng, Mark Ryan K. Cokeng, and Johnson Co abstained on approval for the transaction since they are related parties to Katrina Marie K. Cokeng.

(2) Significant Employees

There are no other persons other than the Registrant's executive officers who are expected to make a significant contribution to its business.

(3) Family Relationships

Mark Ryan K. Cokeng is the son of (+) Robert Y. Cokeng and Mary K. Cokeng. Johnson U. Co is the cousin of (+) Robert Y. Cokeng. Katrina Marie K. Cokeng is the daughter of (+) Robert Y. Cokeng and Mary K. Cokeng. Other than the ones disclosed, there are no other family relationships known to the Registrant.

(4) <u>Certain Relationship and Related Transaction</u>

There is no transaction or proposed transaction during the last two (2) years to which the Registrant was or is to be a party in relation to any director, any nominee for election as director, any security holder of certain record beneficial owner or management or any member of the immediate families of such directors. The Registrant's subsidiary, Magellan Capital Holdings Corporation ("**MCHC**"), and certain of MCHC's subsidiaries and affiliates as well as Registrant's affiliate, Business Process Outsourcing International ("**BPOI**"), have transactions with each other such as rental contracts and intercompany loans. These transactions are on arms-length basis and, in the case of partially owned affiliates, are subject to approval of unrelated shareholders of these affiliates. In the case of rental contracts, the rental rates charged are similar to those charged to outside parties leasing similar properties.

No director has resigned or declined to stand for re-election to the Board of Directors since September 7, 2023, the date of the last annual stockholders' meeting, because of a disagreement with the Corporation on any matter relating to the Corporation's operations, policies or practices.

As of December 31, 2022, MCHC and its subsidiary, Pinamucan Industrial Estates, Inc. ("**PIEI**") have receivables from Magellan Utilities Development Corporation ("**MUDC**"), a minority-owned affiliate of MCHC. As of December 31, 2022, the Registrant also had dividend receivables from its outsourcing affiliate, Pointwest Technologies Corporation ("**PTC**") and BPOI. Receivables from MUDC are fully provided for in the Audited Financial Statements.

ITEM 5. <u>LEGAL PROCEEDINGS</u>

For the past six (6) years up to the present, there have been no proceedings involving, and to the best of knowledge, threatened against the Registrant. As of March 31, 2024, none of the current directors, or nominees for election as director, executive officer, underwriter or control person of the Registrant has been involved in or in the subject of any bankruptcy petition, conviction by final judgment, or is the subject of any order judgment or decree, or involved in any violation of a securities of commodities law.

However, with respect to its subsidiaries, following is a summary of pending litigation involving them:

(a) ***"Rolando M. Zosa v. Magellan Capital Holdings Corporation and Magellan Capital Management Corporation"***, Civil Case No. CEB-18619, Regional Trial Court of Cebu City, Branch 58; *Magellan Capital Management Corporation and Magellan Capital Holdings Corporation v. Rolando M. Zosa, et al."* G.R. No. 129916, Supreme Court; *Ad Hoc Arbitration with an Arbitral Tribunal composed of Justice Florentino P. Feliciano, as Chairman and Attys. Ramon R. Torralba and Enrique I. Quiason as members; Regional Trial*

Court, Branch 139, SP Proc. No. M-6259 and SP Proc. No. 6264; Court of Appeals, CA GR. SP-144096;CA GR SP NO. 144162.

This is a case for damages instituted in May 1996, wherein complainant Zosa seeks to enforce his purported rights under his Employment Agreement with defendants and claims entitlement to the following reliefs, to wit:

(1) actual damages in the amount of ₱10,000,000;
(2) attorney's fees in the amount of ₱300,000; and
(3) expenses of litigation in the amount of ₱150,000.

Defendants sought a dismissal of the case, invoking the provision of arbitration in the Employment Contract. In a Decision dated 18 July 1997, the trial court declared invalid the arbitration clause providing for the manner by which the arbitrators will be chosen and substituted the provisions of the Arbitration Law therefore. The Supreme Court, on 26 March 2001 affirmed the trial court's decision which became final and executory. Arbitrators were appointed one by Zosa, on the one hand, and the other jointly appointed by MCHC and MCMC and a third jointly chosen by the two arbitrators.

Sometime in November 2004, the Arbitral Tribunal was finally constituted composed of Justice Florentino P. Feliciano as Chairman and Attys. Ramon R. Torralba and Enrique I. Quiason as members.

On 14 March 2005, the parties submitted to the Tribunal their Confirmation of Agreement to Submit to Arbitration. The Complainant has submitted its Statement of Claims & Memorials. The respondents have submitted their Statement of Defenses and are scheduled to submit their Counter-Memorials on 02 May 2004.

On 02 August 2005, the Memoranda of the parties were submitted and the case was submitted for resolution.

On 06 March 2005, the Tribunal rendered its decision awarding Zosa's claim for severance pay but disallowed his claims for attorney's fees and moral and exemplary damages and costs of suit.

On 12 April 2006, MCHC filed with the Regional Trial Court of Makati City, a verified petition with prayer for the issuance of an Order to Vacate the Arbitral Award, dated 6 March 2006, pursuant to Sections 22 to 29 of Republic Act No. 876 ("The Arbitration Law") and the relevant provisions of Republic Act No. 9825 (the "Alternative Dispute Resolution Act of 2004). Likewise, Zosa filed his Application for Confirmation of Award on 12 April 2006. The two cases were consolidated and are presently pending with Branch 139 of the Regional Trial Court of Makati as Sp. Proc. No. M-6259 and M-6264. The parties are presently awaiting the Court's resolution on the issue of whether the Application for Confirmation of Award was seasonably filed considering the non-payment of docket fees at the time of filing. On 17 March 2009, a hearing was held whereby the Court directed all the parties to submit their respective Memoranda. In compliance with the aforesaid order, MCHC submitted its Memoranda on 17 May 2009. The case was submitted for resolution on 29 January 2013.

On 29 June 2015, the Court rendered its decision confirming the arbitral award directing MCHC solidarily with MCMC to pay Zosa's severance compensation in the amount of ₱14,669,691.43. MCHC filed its Motion for Reconsideration on 23 July 2015 which was denied in an Order dated 7 January 2016. On 9 February 2016, MCHC filed with the Court of Appeals its Petition for Review of the Decision of the Regional Trial Court. MCMC likewise filed its appeal with the said appellate court. On August, 2019, the Court of Appeals denied the Petition for Review. Magellan Capital Holdings Corporation filed a Motion for Reconsideration on 16 September 2019 – assailing the Court of Appeals' decision. The Motion for Reconsideration was denied by the Court of Appeals in its Resolution of 22 September 2020. MCHC has decided not to pursue the appeal. MCMC, however, went up to the Supreme Court on appeal. MCHC has fully paid a total of P29,688,521.50 as Arbitral Award based on Regional Court Decision.

(b) "People of the Philippines vs. Ariel Balatbat", Criminal Case No. 115515, Regional Trial Court of Pasig City, Branch 155. MCHC filed a complaint, through its authorized officer, against Ariel Balatbat for qualified theft relating to several unauthorized withdrawals of, and anomalous transactions involving, company funds in the total amount ₱41,021.50 (converted to US$1,000.00). On 29 October 2004, the Court rendered its decision finding the accused guilty beyond reasonable doubt of the crime of qualified theft under Article 310 of the Revised Penal Code and imposed the corresponding penalty of imprisonment of 10 years minimum to a maximum of 14 years. The Decision of the Regional Trial Court was appealed to the Court of Appeals. In a Decision rendered in February 2018, the Court of Appeals reversed the conviction of the accused. As of this writing, MCHC, decided not to appeal the aforesaid Decision of the Court of Appeals for humanitarian reasons, and because the accused had already spent some time in incarceration.

"People of the Philippines vs. Ariel Balatbat", Criminal Case No. 114955, Regional Trial Court of Pasig City, Branch 151. MUDC, through its authorized officer, has also filed a complaint against Ariel Balatbat for qualified theft relating to several unauthorized withdrawals of, and anomalous transactions involving, company funds in the total amount of ₱121,500.00 (equivalent to US$3,000.00), US$4,000.00, and US$1,020.00. Said amounts were never recovered or accounted for. The case is currently pending before the Regional Trial Court, which also issued a warrant of arrest for the same. The bail was set for ₱40,000.00. The accused was arrested and subsequently arraigned. Three (3) witnesses have been presented - two (2) from the bank and one (1) from MUDC.

On 28 February 2005, the Prosecution filed its "Formal Offer of Evidence". Defense rested its case on 4 December 2006. On 22 January 2007, the Prosecution presented its rebuttal evidence. The Memorandum for the Prosecution having been filed, the case was submitted for decision. As of this writing or on April 29, 2013 the Court rendered its decision finding the accused guilty of the crime of qualified theft and sentenced the accused to *reclusion perpetua*. It also ordered the restitution to MUDC of the amount of $4,000.00 or its peso equivalent ₱105,720.00 Pesos. The Court found no liability for the amount of $3,000.00 withdrawn it appearing that same was credited to private complainant. On appeal, the Court of Appeals, in a Decision dated 28 February 2017, reversed and set aside the Decision of the Regional Trial Court, dated 15 February 2013. As of this writing, MCHC, for humanitarian reasons, and the fact that the accused had already spent some time in incarceration, decided not to appeal the aforesaid Decision of the Court of Appeals.

c) **Magellan Capital Holdings Corporation vs. Spouses Mario and Preciosa Roño, Civil Case No. 066, Regional Trial Court, Taguig City, Branch 153.** This is a case, filed in 2016, for Injunction, with application for TRO and Writ of Injunction, against Spouses Mario and Preciosa Roño, the Taguig Register of Deeds, the Securities and Exchange Commission, Bureau of Internal Revenue, Taguig District to prevent the use of falsified documents including a fake Deed of Sale, fake General Information Sheet (GIS) and fake certificate of title, to transfer MCHC's property in Fort Bonifacio in favor of the Spouses Roño. This is in relation to the ongoing attempt by certain individuals to cause the transfer of title over MCHC's 985 square meter lot at Bonifacio Global City ("BGC") in their favor using falsified and spurious documents. The Regional Trial Court granted the preliminary injunction on 24 August 2016. The case is pending resolution on the grant of a permanent injunction. In an order dated 3 July 2017, the RTC referred the case for mediation proceedings which are ongoing as of this writing. On 15 March 2018, the Court deemed as submitted for resolution the Motion to declare defendants in default.

d) **Magellan Capital Holdings Corporation represented by Mr. Robert Y. Cokeng vs. Spouses Mario and Preciosa Roño et al, XV-16-INQ-16F-00541, Office of the City Prosecutor of Taguig; People of the Philippines vs. Marion S. Roño, <u>Criminal Case No. 17-28768,</u> Metropolitan Trial Court of Taguig City, Branch 115; People of the Philippines vs. Mario S. Roño, <u>Criminal Case No. 17-28769</u>, Metropolitan Trial Court of Taguig City, Branch 115; People of the Philippines vs. Mario S. Roño and Preciosa Roño, <u>Criminal Case No. 17-28771</u>, Metropolitan Trial Court of Taguig City, Branch 115;People of the Philippines vs. Mario Roño and Preciosa Roño, Criminal Case no. 17-28770, Metropolitan Trial Court of Taguig City, Branch 116.** These criminal cases for Falsification under Article 171 in relation to Article 172 of the Revised Penal Code, were filed against the named individuals in connection with Civil Case No. 066. The Prosecutor in XV-16-INQ-16F-00541, found probable cause against the respondents and the corresponding Information was filed with the Metropolitan Trial Court. A Warrant of Arrest against the respondents was issued on 10 February 2017 and Arraignment was scheduled last 23 March 2017. On 12 May the MTC dismissed the accused's Omnibus Motion (1) to Quash for failure to state an offense (2) issue Bill of Particulars and (3) suspend proceedings in view of the pendency of accused's Petition for Review with the Department of Justice (DOJ) and (4) Suspend

Arraignment. Arraignment was scheduled to be held on 15 May 2017. In an Order dated 22 May 2017, the RTC reset the arraignment to 14 August 2017. On 2 June 2017 the Department of Justice (DOJ) dismissed the petition for Review filed by the accused Spouses Rono. The accused was arraigned on 14 August 2017. Thereafter, the parties were referred to mediation and Judicial Dispute Resolution. No settlement was reached. The case was re-raffled to Branch 74 and scheduled for Preliminary Conference on 27 February 2019. The hearing dates for presentation of prosecution evidence are on 11 April, 9 May, 13 June, 29 July, 29 August, 23 September, 21 October, 18 November and 12 December 2019, all at 8:30 a.m.

On March 4, 2020, the parties executed a Compromise Agreement whereby the Accused agreed to pay the sum of Ten Million Pesos (₱10,000,000.00) to settle the case. In an Order dated 5 March 2020, the Court approved the Compromise Agreement dated 4 March 2020 and provisionally dismissed the criminal case.

e) **Magellan Capital Holdings Corporation, represented by Mr. Robert Y. Cokeng vs. Spouses Mario and Preciosa Roño, Pedro S. Villaflor, John Doe and Jane Doe, IS No. XV-13-INV-16-J-02050, Office of the City Prosecutor of Pasay City, Department of Justice.** In relation to the aforementioned cases, this case was filed against the respondents for violation of Article 172 in relation Article 171 of the revised Penal Code (Use of Falsified documents). The falsified documents were used to open an account in Maybank, Villamor Base branch, Pasay City. In a Resolution dated 5 January 2017, the City Prosecutor dismissed MCHC's complaint. In Resolution dated 29 November 2017, the Motion for Reconsideration filed by MCHC was denied.

f) **Magellan Capital Holdings Corporation vs. Spouses Mario and Preciosa Roño, IS No. XV-03-INV-16J-10508, Office of the City Prosecutor of Quezon City, Department of Justice.** In relation to the aforementioned cases, this case was filed against the respondents for violation of Article 172 in relation to Article 171 (2) of the Revised Penal Code. The falsified documents appear as having been executed and notarized in Quezon City. In a Resolution dated 19 March 2018 which was received on 18 April 2018, the City Prosecutor's office dismissed the complaint against respondents. MCHC filed its Motion for Reconsideration of the aforesaid Resolution on 03 May 2018. As of this writing the said Motion is still pending resolution.

g) **Robert Y. Cokeng (for and in behalf of Magellan Capital Holdings Corporation) vs. Maybank Philippines, Inc. Dato Dr. Tan Tat Wai, Herminio M. Famatigan Jr., Jonathan P. Ong, Jose A. Morales III and Milandro C. Urbano, OSI-AC-No. 2016-032, Bangko Sentral ng Pilipinas, Office of the Special Investigation**; **Robert Y. Cokeng (for and in behalf of Magellan Capital Holdings Corporation) v. Metropolitan Bank and Trust Company, Fabian S. Dee, Alfredo V. Ty, Arthur Ty, Francis Cua, Trixia C. Tan, Joyce P. Pareno and Grance C. Buenavista, OSI-AC_No. 2016-029, Bangko Sentral ng Pilipinas, Office of Special Investigation.** These cases were filed with the Bangko Sentral ng Pilipinas against two banks, Maybank and Metro Bank in connection with their participation in the aforementioned cases. In OSI-AC-No.2016-032, the BSP, in a Resolution, dated 21 November 2016, referred the case against Maybank to the Financial Consumer Protection Department (FCPD), Supervision and Examination Sector of the BSP. In a letter dated 02 February 2017, the FCPD informed MCHC that it in turn referred the matter to the attention of BSP departments exercising supervisory authority over banks. The Office of Special Investigation, in the meantime, continued to hear the administrative complaint against the respondents Dato Dr Tan Tat Wai, Herminio Famatigan, Jonathan P. Ong et al. In a Resolution dated 03 October 2017, the BSP Office of Special Investigation dismissed the administrative complaint against the said respondents. In a Resolution dated 09 January 2017, the BSP denied MCHC's Motion for Partial Reconsideration. With respect to OSI-AC No. 2016-029, the Office of Special Investigation, in a Resolution dated 20 March 2018, dismissed the administrative complaint filed by MCHC against Metro Bank and its Board of Directors.

ITEM 6. COMPENSATION OF DIRECTORS AND EXECUTIVE OFFICERS

(1) GENERAL

None of the directors and executive officers of the Registrant are paid any compensation as such. Among its officers, only Messrs. Fina Bernadette D.C. Tantuico, Johnson U. Co, and Mark Ryan K. Cokeng are paid professional fees and compensation by the Registrant or its affiliates, MCHC and PIEI, respectively. Directors are not paid any compensation by the Registrant other than a *per diem* of Five Thousand Pesos (₱5,000.00) per attendance of Board Meeting.

(2) SUMMARY COMPENSATION TABLE

Summary Compensation Table
Annual Compensation

NAME & PRINCIPAL POSITION	YEAR	SALARY	BONUS	OTHER ANNUAL COMPENSATION*
Mark Ryan K. Cokeng, President	2024	-	-	
Johnson U. Co, Vice-President-Administration	2024	-	-	
Mary K. Cokeng, Treasurer	2024	-	-	
Fina Bernadette D.C. Tantuico, Corporate Sec.	2024	-	-	
All Other Officers & Directors	2024	₱310,000.00	-	₱11,834,300.00[1>]

- **Estimated**

NAME & PRINCIPAL POSITION	YEAR	SALARY	BONUS	OTHER ANNUAL COMPENSATION*
Mark Ryan K. Cokeng, President	2023	-	-	
Johnson U. Co, Vice-President-Administration	2023	-	-	
Mary K. Cokeng, Treasurer	2023	-	-	
Fina Bernadette D.C. Tantuico, Corporate Sec.	2023	-	-	
All Other Officers & Directors	2023	₱310,000.00		₱11,384.100[1>]

NAME & PRINCIPAL POSITION	YEAR	SALARY	BONUS	OTHER ANNUAL COMPENSATION*
Mark Ryan K. Cokeng, President	2022	-	-	
Johnson U. Co, Vice-President-Administration	2022	-	-	₱10,770,507.00
Mary K. Cokeng, Treasurer	2022	-	-	
Fina Bernadette D.C. Tantuico, Corporate Sec	2022	-	-	
All Other Officers & Directors	2022	₱310,000.00		

* The amount given represents the professional fees and compensation paid by the affiliates of Registrant.
*** Other directors and executive officers of the Registrant are not paid any compensation as such.

3) COMPENSATION OF DIRECTORS

Directors receive a *per diem* of ₱5,000.00 *per* attendance at Board Meetings and no other compensation as such.[E]

(4) Employment Contracts and Termination of Employment and Change-in-Control Arrangements

There are no employment contracts nor any compensatory plan or arrangements with the Executive Officers of the Registrant.

(5) Warrants and Options Outstanding: Re-pricing

There are no existing warrants outstanding. One detachable Subscription Warrant was issued for each share subscribed under the share offering in 2002. Warrants for 723,727 "A" shares and 71,198 "B" shares were exercised. All the remaining warrants that were not exercised have expired as of May 2008. There are no options or warrants currently outstanding.

[E] Pursuant to the Amended By-Laws, the Securities and Exchange Commission approved the Amendment of By-Laws Registrant's Board of Directors, During a regular meeting held on 28 February 2002 approved and adopted a resolution fixing the per diem at ₱5000 per attendance at Board Meetings.

ITEM 7. INDEPENDENT PUBLIC ACCOUNTANTS

Management intends to recommend the re-appointment of *Reyes Tacandong & Co*. as the external auditor of the Corporation. Said accounting firm has replaced *Mendoza, Querido Co., CPA*. Before *Mendoza, Querido & Co*., the Corporation engaged the external auditing services of *KPMG (R.G. Manabat & Co.)* in 2020 and *SyCip Gorres Velayo & Co. (SGV)* from 1997 up to 2019. There have been no changes in and disagreements with *Mendoza Querido & Co.*, on its accounting and financial disclosures. Likewise, there have been no changes in and disagreements with *SGV* and *KPMG (R.G. Manabat & Co.)* on its accounting and financial disclosures. Prior to 1997, the external auditor of the Corporation was *Velandria Dimagiba & Co.* The changes in the external auditor are not due to any disagreement between the Corporation and the former auditor on accounting and financial disclosures, or their resignation or dismissal.

Ms. Belinda B. Fernando is the Signing Partner for FY 2024.

The representatives of the Independent Auditors will be present at the Annual Stockholders' Meeting to answer any questions raised to or to make appropriate statements.

The members of the Registrant's Audit Committee are the following:

Peter L. Kawsek, Jr.	-	Committee Chairman and Independent Director
Mark Ryan K. Cokeng		
Johnson Tan Gui Yee		
Rufino B. Tiangco		

ITEM 8. COMPENSATION PLANS

There is no action to be taken with respect to any plan pursuant to cash or non-cash compensation to be paid or distributed.

The members of the Registrant's Compensation Committee are the following:

Mark Ryan K. Cokeng	-	Chairman
Johnson U. Co		
Rufino B. Tiangco		
Charlie K. Chua	-	Independent Director

C. ISSUANCE AND EXCHANGE OF SECURITIES

ITEM 9. AUTHORIZATION OR ISSUANCE OF SECURITIES OTHERWISE THAN FOR EXCHANGE

There is no action to be taken with respect to the authorization or issuance of any securities other than for exchange.

ITEM 10. MODIFICATION/ EXCHANGE OF SECURITIES

There is no action to be taken with respect to the modification of any class of securities of the registrant.

ITEM 11. FINANCIAL OR OTHER INFORMATION

No submission of any other financial information related to Items 9 and 10 needs to be made.

ITEM 12. MERGER, CONSOLIDATION, ACQUISITION AND SIMILAR MATTERS

There is no action to be taken with respect to any merger, consolidation, acquisition and similar matters.

ITEM 13. ACQUISITION/DISPOSITION OF PROPERTY

There is no action to be taken with respect to any acquisition or disposition of property.

ITEM 14. RESTATEMENT OF ACCOUNTS

There is no action to be taken with respect to any restatement of accounts.

D. OTHER MATTERS

ITEM 15. ACTION WITH RESPECT TO REPORTS

Action will be required for the approval of the following matters:

(1) Minutes of the Annual Stockholders' Meeting held on September 7, 2023 – briefly, directors for the year 2023 were nominated and elected, and the following matters were approved:

   (a) minutes of the 2022 Annual Stockholders' Meeting were approved;
   (b) 2022 Audited Financial Statements were likewise approved;
   (c) ratification of corporate actions taken in 2022;
   (d) appointment of Reyes Tacandong & Co. as external auditor;

(2) Audited Financial Statements as of December 31, 2023;
(3) Ratification of corporate actions taken by the Board of Directors for the year 2023
(4) Appointment of Reyes Tacandong & Co. as Independent Auditors; and
(5) Election of members of the Board of Directors, including Independent Directors, for ensuing year.

Actions taken on the above minutes and reports will constitute approval or disapproval of any of the matters referred to in such minutes and reports.

ITEM 16. MATTERS NOT REQUIRED TO BE SUBMITTED

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

ITEM 17. AMENDMENT OF CHARTER, BY-LAWS OR OTHER DOCUMENTS

Action will be required for the approval of the following matters:

(1) Amendment of the Articles of Incorporation:

- (a) update the principal office address of the Corporation; and
- (b) update the provision on corporate existence;

(2) Amendment of By-Laws:

- (a) update Section 5 of Article I on Stock;
- (b) update Sections 1 and 3 of Article II on Stockholders' Meeting; and
- (c) update Section 4 of Article III on Directors.

Actions taken on the above minutes and reports will constitute approval or disapproval of any of the matters referred to in such minutes and reports.

ITEM 18. OTHER PROPOSED ACTION

No other action is to be taken with respect to any matter not specifically referred to above.

ITEM 19. DISAGREEMENTS

No director of the Registrant has informed the Registrant that he opposes any action intended to be taken or taken by the Registrant.

ITEM 20. VOTING PROCEDURES

Provided there is present, in person through remote communication, the owners of a majority of the outstanding capital stock of the Corporation:

(1) matters presented for approval by the shareholders, other than election of directors, will be considered approved upon the affirmative vote of a majority of the shareholders present at the meeting, and

(2) candidates for the positions of Directors of the Corporation receiving the highest number of votes shall be declared elected.

Voting Procedures

(a) Vote required

The affirmative vote of the at least majority of the issued and outstanding capital stock entitled to and represented at the Annual Stockholders' Meeting is required for the approval of the matters presented to the stockholders for decision. The election of Directors is by plurality of votes.

(b) Method of voting

In all items for approval, each voting share of stock entitles its registered owner as of the Record Date to one vote. In light of the Regulations (as defined in Item 20), stockholders will only be allowed to vote by appointing the Chairman of the meeting as their proxy or electronically *in absentia*.

In case of the election of directors, each stockholder may vote such number of shares for as many persons as there are directors to be elected or he may cumulate the aforesaid shares and give one nominee as many votes as the number of directors to be elected multiplied by the number of his shares, or he may distribute them on the same principle among as many nominees as he shall see fit; provided that, the whole number of votes cast by him shall not exceed the number of shares owned by him multiplied by the total number of directors to be elected.

Proxies shall be in writing, signed and filed, by the stockholders, in the form provided in this Information Statement, and shall be received by the Corporate Secretary at fjphco@gmail.com on or before July 3, 2024.

A stockholder may vote electronically in absentia using the online web address, fjphco@gmail.com subject to validation procedures. A stockholder voting electronically *in absentia* shall be deemed present for purposes of quorum.

All votes will be counted and tabulated by the Committee of Inspectors and Ballots of the Company and the results will be validated by an independent third party.

Each shareholder may vote *in absentia*, or by proxy the number of shares of stock standing in his name on the books of the Corporation. Each share represents one vote. In accordance with the By-laws of the Corporation, the election of directors and/or approval of any other matters presented to the shareholders shall be by ballot, and the Corporate Secretary shall count the votes cast. The Guidelines for shareholders to register for the Zoom meeting are shown in the company website fjprince.com.

<u>Voting through Remote Communication; Voting In Absentia</u>

The stockholders who have sent their intention to participate in the ASM shall be notified via email of their log-in passwords for the zoom meeting. The stockholders can then cast their votes during the zoom meeting.

ITEM 21. MATTERS TAKEN UP DURING THE ANNUAL STOCKHOLDERS' MEETING HELD ON SEPTEMBER 7, 2023

1. **Attendance**: 396,645,744 shares represented in person or by proxy representing 82% of the 481,827,653 outstanding shares. One vote per share.

2. **Directors and Nominees attending:**

Name of Stockholder	Number of Shares
Board of Directors	
1. Estate of Robert Y. Cokeng	15,713,072
2. Mark Ryan K. Cokeng	10,000
3. Johnson Tan Gui Yee	15,371,747
4. Katrina Marie K. Cokeng	10,000
5. Johnson U. Co	1,100,000
6. Rufino B. Tiangco	128,000
7. Mary K. Cokeng	1,000
8. Francis L. Chua	100,000
9. Johnny O. Cobankiat	5,851,076
10. Peter L Kawsek, Jr.	1,000
11. Charlie K. Chua	10,000
TOTAL	**39,716,395**

Other shares in attendance: 356,929,349

3. Matters for approval

	Votes Taken		
	Approved	Disapproved	Abstain
(a) Minutes of the previous meeting	396,645,744	NIL	NIL
(b) 2022 Audited Financial Statements	396,645,744	NIL	NIL
(c) Ratification of corporate actions taken	396,645,744	NIL	NIL
(d) Election of Directors			
Charlie K. Chua	396,645,744	NIL	NIL
Francis L. Chua	396,645,744	NIL	NIL
Johnson U. Co	396,645,744	NIL	NIL
Johnny O. Cobankiat	396,645,744	NIL	NIL
Katrina Marie K. Cokeng	396,645,744	NIL	NIL
Mark Ryan K. Cokeng	396,645,744	NIL	NIL
Mary K. Cokeng	396,645,744	NIL	NIL
Peter L. Kawsek, Jr.	396,645,744	NIL	NIL
Johnson Tan Gui Yee	396,645,744	NIL	NIL
Rufino B. Tiangco	396,645,744	NIL	NIL

Messrs. Charlie K. Chua and Peter L. Kawsek, Jr. were elected as Independent Directors

(e) Appointment of Reyes Tacandong & Co. as external auditor for fiscal year 2023	396,645,744	NIL	NIL

4. Open Forum

After the presentation, the floor was open for questions to be raised by any stockholder in attendance. No questions were raised.

F & J Prince Holdings Corporation

May 6, 2024

SECURITIES AND EXCHANGE COMMISSION
The SEC Headquarters
7907 Makati Avenue, Salcedo Village
Bel-Air, Makati City, 1209

Attention : MR. OLIVER O. LEONARDO
Director, Markets and Securities Regulation Department

THE PHILIPPINE STOCK EXCHANGE, INC.
6/F PSE Tower, 5th Avenue corner 28th Street, Bonifacio Global City, Taguig City

Attention : MS. FRANCE ALEXANDRA D. TOM WONG
Head, Disclosure Department

Gentlemen :

This is to certify that none of the current Directors of F & J Prince Holdings Corporation are employed by, or holding positions in, or are in any way connected with any government agency or instrumentality of the government. Also, none of the current officers of the Corporation is employed by, or holding positions in, or in any way connected with any government agency or instrumentality of the government.

This Certification is issued in compliance with the directive of the Securities & Exchange Commission (in compliance with Office of the President Memorandum Circular No. 17, September 4, 1986), in relation to the submission of the Corporation's Preliminary Information Statement.

Anne Jaycelle C. Sacramento

(ATTY.) ANNE JAYCELLE C. SACRAMENTO
Acting Corporate Secretary

5/F BDO Towers Paseo, 8741 Paseo de Roxas, Makati City 1226
Tel. Nos. 88927133 • 88927137 • 88929443 • Fax No. 88927127
Email Address: fjphco@gmail.com

SIGNATURE

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.

April 18, 2024, Makati City, Philippines.

F & J Prince Holdings Corporation

By:

MARK RYAN K. COKENG
President

My Documents>F&J>2024 Files>
SEC Form 20-IS>Preliminary IS

PART II
INFORMATION REQUIRED IN A PROXY FORM

Item 1. Identification
The proxy is being solicited by *F & J Prince Holdings Corporation* (the "Corporation") for and in its behalf, in connection with its Annual Stockholders Meeting to be held on **Thursday, July 11, 2024 at 2.30PM via ZOOM, from the company's office at 5th Floor, BDO Towers Paseo, 8741 Paseo de Roxas, Makati City.**

Item 2. Instruction
In order that your securities may be represented at the meeting in case you are not personally present, please complete, sign and date the Proxy Form.

The Corporation shall be pleased to vote your securities in accordance with your wishes if you will execute the Proxy Form and return the same promptly. It is understood that if you sign without otherwise marking the form, the securities will be voted as recommended by the Board of Directors on all matters to be considered at the meeting. The Chairman of the meeting is hereby authorized and empowered to fully exercise all rights as the attorney and proxy at such meeting.

Item 3. Revocability of Proxy
The shareholder may revoke the proxy issued by him at any time prior to its use by the party who is thereby authorized to exercise the same. The By-laws do not provide any formal procedure by which revocation shall be done. However, the By-laws provide that no proxy bearing a signature that is not legally acknowledge, shall be recognized at any meeting unless such signature is known and recognized by the secretary of the meeting. Furthermore, proxies for meetings must be filed with and received at the offices of the Corporation at least five (5) days prior to the date of the meeting.

Item 4. Persons Making the Solicitation
The solicitation of proxies is being undertaken by the Corporation in order to obtain the required quorum and the required vote to approve the subject matter of the annual meeting. No director has informed the Corporation of any intention to oppose the matters to be taken up in the annual meeting. No director or executive officer of the Registrant has any substantial interest, direct or indirect, by security holdings or otherwise, in any matter to be acted upon, other than election to office.

In addition to ordinary mail, the Corporation, in coordination with its stock and transfer agent, intends to utilize the usual couriers and messengers to undertake the personal delivery of the proxy forms. No special contracts for courier or delivery services have been entered into. Costs will be limited to the normal costs of such services.

The costs of distributing this Information Statement and of soliciting the relevant proxies, which will be approximately Thirty Thousand Pesos (₱30,000.00) shall be borne by the Corporation.

PROXY

This proxy is being solicited by *F & J Prince Holdings Corporation* (the "Corporation") for and in its behalf, in connection with its Annual Stockholders' Meeting to be held on **Thursday, July 11, 2024 at 2.30PM via Zoom.**

In order that your securities may be represented at the meeting in case you are not personally present, please complete, sign and date this Proxy Form.

The Corporation shall be pleased to vote your securities in accordance with your wishes if you will execute this Proxy Form and return the same promptly. It is understood that if you sign without otherwise marking the form, the securities will be voted as recommended by the Board of Directors on all matters to be considered at the meeting. The Chairman of the meeting is hereby authorized and empowered to fully exercise all rights as the attorney and proxy at such meeting.

Hereunder are the matters to be taken up during the meeting, please indicate your proposal selection by firmly placing an "X" in the appropriate box:

1. **Approval of the Minutes of the September 7, 2023 Annual Stockholders' Meeting.**
   Voting Instruction

   ☐ For ☐ Against ☐ Abstain

2. **Approval of the Audited Financial Statements as of December 31, 2023.**
   Voting Instruction

   ☐ For ☐ Against ☐ Abstain

3. **Ratification of Corporate Acts.**
   Voting Instruction

   ☐ For ☐ Against ☐ Abstain

4. Election of Directors.

Nominees	Authority to Vote Granted	Authority to Vote Withheld
1. Francis L. Chua	☐	☐
2. Johnson U. Co	☐	☐
3. Johnny O. Cobankiat	☐	☐
4. Katrina Marie K. Cokeng	☐	☐
5. Mark Ryan K. Cokeng	☐	☐
6. Mary K. Cokeng	☐	☐
7. Rufino B. Tiangco	☐	☐
8. Johnson Tan Gui Yee	☐	☐
9. Ryan Wesley Yapkianwee	☐	☐
Independent Directors:		
10. Charlie K. Chua	☐	☐
11. Peter K. Kawsek, Jr.	☐	☐

5. Re-appointment of Reyes Tacandong & Co. as External Auditor of the Corporation for the Fiscal Year January to December 2024.

Voting Instruction

☐ For ☐ Against ☐ Abstain

6. Approval of the Proposed Amendments to the Articles of Incorporation of the Corporation.

7. Approval of the Proposed Amendments to the By-Laws of the Corporation.

This Proxy shall confer discretionary authority to vote with respect to any of the following matters:

1. Matters which the Corporation does not know a reasonable time before this solicitation, are to be presented at the meeting; and
2. Matters incident to the conduct of the meeting.

No director of the Registrant has informed the Registrant that he opposes any action intended to be taken or taken by the Registrant.

IN WITNESS WHEREOF, the undersigned stockholder has executed this proxy this ______ day of _____________ 2024, at ___________________________________.

____
Usual Signature

____
Print Name Here

____
Address

FJP

2023
Management Report

F & J Prince Holdings Corporation

STOCK TRADING PRICE INFORMATION

The shares of the Registrant are listed with the Philippine Stock Exchange.

The high and low prices for each quarter within the last two (2) fiscal years and 1st quarter of 2024 are as follows:

QUARTER; YEAR	CLASS "A"		CLASS "B"	
	High	Low	High	Low
1st Quarter, 2022	2.60	2.13	2.61	2.50
2nd Quarter, 2022	2.63	2.24	3.74	2.63
3rd Quarter, 2022	2.70	2.45	-	-
4th Quarter, 2022	2.20	1.98	1.88	1.86
1st Quarter, 2023	2.10	2.00	-	-
2nd Quarter, 2023	2.91	1.96	-	-
3rd Quarter, 2023	2.85	1.52	1.55	1.40
4th Quarter, 2023	1.62	1.56	1.56	1.56
1st Quarter, 2024	2.34	1.69	-	-

Note 1: Dividends amounting to ₱0.15 per share were declared and paid out in 2022. Dividends of ₱0.10 per share were declared and paid by the company in 2021.

Note 2: Class "A" shares may be owned only by Filipino citizens, while Class "B" shares may be owned by Filipino citizens as well as foreigners.

Note 3: Latest market price traded was ₱1.57 per share for Class "A" shares transacted on December 12, 2023; and ₱1.56 per share for Class "B" shares transacted on October 9, 2023.

Number of Shareholders

As of 31 December 2023, the Registrant had Four Hundred Seventy-Four (473) stockholders of record, as follows: Class "A" shares – Four Hundred Twenty-Nine (429) shareholders; Class "B" shares – Forty-Four (44) shareholders; and shareholders owning both Class "A" and "B" – Six (6) shareholders.

Dividends

Dividends amounting to ₱0.15 per share were declared and paid in 2022. Dividends of ₱0.10 per share were declared and paid in 2021.

Under the Registrant's By-laws, there are no restrictions in the declaration of dividends other than what is prescribed in the Corporation Code, namely, that these shall be declared only from surplus profit and no stock dividend shall be issued without the approval of stockholders representing not less than two-thirds (2/3) of all stocks outstanding and entitled to vote at a general or special meeting called for the purpose.

F & J Prince Holdings Corporation

Management Report

Annual Stockholders' Meeting

July 11, 2024

Contents

REPORT OF THE CHAIRMAN AND PRESIDENT

The Registrant's consolidated revenue in 2023 increased to ₱164.3 million from ₱162.1 million in 2022. Equity in net earnings of associates increased to ₱45.3 million in 2023 from ₱26.2 million in 2022. Interest income increased to ₱18.5 million in 2023 from ₱14.6 million in 2022 as interest levels have stabilized. A net foreign exchange gain of ₱3.1 million was recorded in 2023 versus a gain of ₱74.5 million in 2022 as the Peso stabilized against foreign currencies compared to last year. Rent decreased slightly from ₱23.9 million in 2022 to ₱22.1 million in 2023. Loss on AFS, HTM and FVPL Financial Assets of ₱0.3 million was recorded in 2023 versus a gain of ₱5.6 million in 2022. Dividend income decreased to ₱4.2 million in 2023 from ₱5.7 million in 2022.

Total consolidated expenses of the Registrant decreased to ₱107.3 million in 2023 compared to ₱136.4 million in 2022 due mainly to incurring no losses from legal settlements.

As a result of the above, total consolidated income before tax in 2023 totaled ₱56.9 million compared to ₱25.7 million in 2022. After provision for income tax, total consolidated net income after tax totaled ₱56.9 million in 2023 compared to ₱19.7 million in 2022.

Net income attributable to non-controlling interest, namely minority shareholders of Magellan Capital Holdings Corporation, totaled to a gain of ₱1.4 million in 2023 compared to a loss of ₱0.6 million in 2022.

Net income attributable to equity holders of the Registrant totaled ₱62.2 million in 2023 compared to ₱20.3 million in 2022.

The Registrant's financial position is very strong as it has substantial cash resources available to undertake its planned projects. As of December 31, 2023, the Registrant's consolidated cash and cash equivalent totaled ₱429.9 million compared to ₱467.7 million as of December 31, 2022. The Registrant and its subsidiary are planning to undertake development of MCHC's land in Fort Bonifacio into an office building as well as to acquire income producing properties as well as additional land for development. The Registrant and its subsidiary are debt free with total consolidated liabilities of ₱65.8 million at year-end 2023 compared to ₱58.1 million at year-end 2022. Total equity amounted to ₱1.89 billion as of the end of 2023 compared to ₱1.88 billion at the end of 2022.

The Registrant and its subsidiary and affiliates are substantially debt free except for MUDC which has loans and advances from its principal shareholders. The Registrant and its subsidiaries have more than enough cash resources to meet any expected requirements in the next twelve months. Consolidated cash and cash equivalents at the end of 2023 totaled ₱429.9 million compared to ₱467.7 million at the end of 2022 while total current assets totaled ₱810.3 million at year-end 2023 compared to ₱750.2 million at year-end 2022. Other than the normal fluctuation of the Peso exchange rate as well as the effect of the normal market fluctuations on the value of stock and bond holdings owned by the Registrant and its subsidiary, the Registrant is not aware of any trends, demands, commitments, events or uncertainties that will result in or that are reasonably likely to result in its liquidity increasing or decreasing in any material way. Likewise, the Registrant does not know of any trends, events or uncertainties that have or that are reasonably expected to have a material favorable or unfavorable impact on the revenues or income from continuing operations.

The following is a detailed discussion of the Company's direct and indirect subsidiaries and its affiliated associates:

MAGELLAN CAPITAL HOLDINGS CORPORATION (MCHC)

Magellan Capital Holdings Corporation ("**MCHC**"), your Company's 95% owned subsidiary, is involved in the development of and investment in infrastructure and power generation projects. Established in 1990, MCHC has ₱689 million in paid-in capital and ₱1,800.2 million in consolidated shareholders' equity as of December 31, 2020. After the acquisition of the block of shares owned by PSEG Philippine Holdings LLC. in December 2006, your Company owns 95% of the outstanding shares of MCHC and effectively controls and manages MCHC.

MCHC was, until December 2006, 28% owned by PSEG Philippine Holdings LLC, a unit of the Public Service Enterprise Group ("**PSEG**"), the largest energy holding company in New Jersey and one of the largest in the United States.

MCHC's total consolidated assets at year-end 2021 was ₱1,781.1 million compared to ₱1,769.3 million at end of 2020.

MCHC's consolidated revenues for the year 2021 totaled ₱123.6 million compared to ₱107.8 million in 2020. Most of the increase was accounted for Foreign Exchange and by Fair Value Gains on Financial Assets at FVPL due to recovery in the prices of listed stocks and bond investments held by the Registrant and its subsidiaries. Consolidated expenses went down to ₱57.6 million in 2021 from ₱87.6 million in 2020 due mainly to Foreign Exchange Losses. As a result of the above, net income after tax rose to ₱50.6 million in 2021 from ₱17.9 million in 2020.

The President of MCHC is Mr. Mark Ryan K. Cokeng, and the Chairman of the Board is Mr. Johnson Tan Gui Yee.

MCHC owns 43% of Magellan Utilities Development Corporation, which is discussed below. MCHC also owns the entire fifth floor of the BDO Towers Paseo (formerly Citibank Center Building) in Makati, as well as three (3) units in the adjacent BDO Towers Valero (formerly Citibank Tower Building). It has also acquired one (1) floor in the JMT Condominium Building in Ortigas Center. Almost half of the floor in BDO Towers Paseo is used by your Company as well as MCHC and its subsidiaries as its corporate offices. One unit is leased to Business Process Outsourcing International, a 35% owned affiliate of the Company. The other two units available for lease have also been rented out. The condo units in the BDO Towers Valero are also currently leased out. MCHC also owns a 985 square meter lot in Fort Bonifacio that it intends to develop into an office building. However, because of the current pandemic, construction of the building may be postponed to next year. MCHC has also recently acquired three condominium units in Two Roxas Triangle in Makati for investment purposes.

MAGELLAN UTILITIES DEVELOPMENT CORPORATION

Magellan Utilities Development Corporation ("**MUDC**") is an MCHC project company developing a 320 MW Power Project in Pinamucan, Batangas. MCHC directly owns 43% of MUDC. GPU Power Philippines, Inc., a unit of GPU Corporation ("**GPU**"), former U.S. parent company of the Manila Electric Company ("**MERALCO**"), owns 40% of MUDC. MERALCO was established by a predecessor company of GPU during the American colonial era and was a wholly owned subsidiary of GPU until 1962 when MERALCO was acquired by a Lopez - led investor group.

With the continued uncertainty over the project being developed by MUDC, MUDC at the urging of its outside auditors had in 2004 written-off all its project development expenditures. It had in 2003 already written-off all pre-operating expenses as dictated by new accounting standards that became effective in 2003. With these write-offs, MUDC now has negative equity of ₱257 million as of year-end 2015. In 2005, your Company decided not to continue development of the project. Your Company's exposure including those of MCHC and its subsidiary, Pinamucan Industrial Estates, Inc., in the project have been provided for and will not have any impact on the Company's financial position. MCHC, along with other shareholders of MUDC, will evaluate the future course of action for MUDC, including possible liquidation.

POINTWEST TECHNOLOGIES CORPORATION

Pointwest Technologies Corporation ("**PTC**") is a global service company offering outsourced IT services in the Philippines. It is led by an experienced management team that helped pioneer offshore outsourcing in the Philippines. The registrant is a founding shareholder of PTC and owns 30% of its equity. Among others, PTC offers software servicing, maintenance, testing, and development to various clients mostly in the United States. It started operations in 2003 and had built up to a staffing level of over One Thousand (1,000) IT Professionals and Support staff. But recent restructuring due to loss of two (2) major accounts has reduced staffing level to below 1,000. PTC's consolidated revenue in 2021 reached over Fifteen Million US Dollars ($15 Million). Net income of PTC in 2020 was $419,000. In 2020, PTC registered a net income of $1.5 Million on revenue of $14.4 Million.

BUSINESS PROCESS OUTSOURCING INTERNATIONAL, INC.

Business Process Outsourcing International, Inc. ("**BPOI**") is a provider of accounting and finance related services such as payroll services, internal audit, payables processing and others. It has a total staff of over four hundred (400) servicing many of the multinational and large corporations operating in the country. BPOI was spun off from the BPO Department of SGV & Co., the biggest auditing firm in the country.

Your Company owns 35% of BPOI after it acquired another 8.75% in 2005. BPOI revenues in 2021 exceeded ₱403 million and it has a staff of over 400 accountants and support staff. Net income increased to ₱37.6 Million in 2021 from ₱20.3 Million in 2020.

CONCLUSION

Your Company generated a consolidated net income of ₱64.5 million in 2021 compared to a net income of ₱43.4 in 2020. The main reason was Net FX Gain of ₱31 million in 2021 as the devaluation of the Peso benefitted the Foreign Exchange denominated stocks and bonds owned by the Registrant and its subsidiaries.

A net foreign exchange gain of ₱31.0 million was recorded in 2021 versus a foreign exchange loss of ₱36.7 million in 2020 as the Peso depreciated against foreign currencies which benefitted the foreign exchange denominated bonds and other securities owned by the Registrant and its subsidiaries.

As a result of the above and dividend payments made in 2021, total consolidated equity attributable to equity holders of the Registrant increased to ₱1,814.7 million at year-end in 2021 compared to ₱1,763.3 million at year-end 2020.

The Company and its subsidiary has been increasing its investment in income producing properties in the last few years. Its subsidiary, MCHC, will also develop its lot in Fort Bonifacio into an office building generating lease income. However, construction of the building is being deferred due to the covid-19 pandemic.

With the support of the Directors, Officers, Staff and Shareholders, we look forward to the Company's future prospects and continued success. We again reiterate our thanks to the Shareholders for their continued support.

MARK RYAN K. COKENG
President

BUSINESS AND GENERAL INFORMATION

A. BUSINESS DEVELOPMENT

The Registrant was incorporated and registered with the Securities and Exchange Commission ("**SEC**") on 18 February 1971 to engage primarily in the business of mining, including mineral and oil exploration. Its shares were registered and listed with the SEC in 1979 and thereafter listed and traded at the Manila Stock Exchange. Presently, its shares are listed with the Philippine Stock Exchange ("**PSE**").

On 28 July 1997, the Registrant's primary purpose was changed to that of a holding company. At present, the Registrant holds a 94.34% majority interest in Magellan Capital Holdings Corporation ("**MCHC**").

In addition, the Registrant owns 30% of Pointwest Technologies Corporation ("**PTC**"), a software servicing and development company. The Registrant also owns 35% of Business Process Outsourcing International, Inc. ("**BPOI**"), a provider of accounting-based business process outsourcing ("BPO") services to a large number of clients.

From its incorporation to present, the Registrant has not been subject to any bankruptcy, receivership or similar proceedings. There has been no material reclassification, merger, consolidation, or purchase or sale of a significant amount of assets other than in the ordinary course of business and other than the sale by MCHC of its shares in one of its subsidiaries to J.G. Summit Holdings, Inc.

<u>Business Development of the Registrant's Subsidiaries</u>

Magellan Capital Holdings Corporation ("**MCHC**") is a corporation which was incorporated and registered with the SEC on 06 November 1990. The Registrant owns a 94.37% majority interest in MCHC. MCHC's primary purpose is to engage in the business of identifying, developing and implementing infrastructure and industrial projects. On December 7, 2006, the Registrant acquired the shares of MCHC owned by PSEG Philippines Holdings LLC, which represented a 27.67% total equity stake in MCHC. As a result of this transaction, the Registrant increased its ownership stake in MCHC from 66.67% to 94.37%. Because the shares were acquired at a substantial discount to book value, the Registrant booked a gain of ₱201.3 million representing excess of fair value of net assets acquired over cost in 2006.

MCHC owns 100% of the shares of the following companies:

NAME OF COMPANY	DATE OF INCORPORATION	PRIMARY PURPOSE
Pinamucan Industrial Estates, Inc.	05 May 1993	Real Estate holding and Development
Malabrigo Corporation	31 August 1993	Mining
Magellan Capital Trading, Inc.	04 January 1991	Trading
Magellan Capital Realty Development Corporation	14 November 1990	Realty

From its incorporation to present, none of the Registrant's above-named subsidiaries have been subject to any bankruptcy, receivership or similar proceedings. There has also been no material reclassification, merger, consolidation, or purchase or sale of a significant amount of their assets other than in the ordinary course of business.

Business of Registrant

Description of Registrant

The Registrant is a holding company. At present, it owns almost 95% of its subsidiary, MCHC, which is currently invested in real estate assets and in bond and stock investments and in shares of its subsidiaries. Most of the Registrant's indirect operating subsidiaries, i.e. MCHC's subsidiaries, are in development of infrastructure projects, as well as landholding and development. The Registrant also owns 30% of PTC, a software servicing development company, and 35% of BPOI, a company providing accounting, finance and payroll services, which it acquired in 2004 and 2005.

Percentage of Consolidated Total Revenues

Breakdown of Revenues for the year 2023

	CONSOLIDATED TOTAL REVENUES	PERCENTAGE BREAKDOWN
Equity in Net Earnings (Losses) of Associates	₱ 45,346,405	27.7%
Interest Income	18,547,435	11.3%
Gain on Disposal of AFS, FVPL and HTM Financial Assets	(319,149)	(0.2%)
Rent	22,122,711	13.5%
Dividend Income	4,226,083	2.6%
Fair Value Gain (Loss) on Financial Assets of FVPL	94,321,443	57.6%
Other Income	285,658	0.2%
Gains (Losses) on Disposal of Financial Assets at FVOCI	(23,888,151)	(14.6%)
Foreign Exchange Gains	3,101,182	18.9%
Total	**₱ 164,306,117**	**100.00%**

Breakdown of Revenues for the year 2022

	CONSOLIDATED TOTAL REVENUES	PERCENTAGE BREAKDOWN
Equity in Net Earnings (Losses) of Associates	₱ 26,211,341	16.2%
Interest Income	14,588,814	9.0%
Gain on Disposal of AFS, FVPL and HTM Financial Assets	5,679,671	3.5%
Rent	23,946,752	14.8%
Dividend Income	5,670,253	3.5%
Fair Value Gain (Loss) on Financial Assets of FVPL	13,742,456	8.5%
Other Income	56,790	-
Gains (Losses) on Disposal of Financial Assets at FVOCI	(2,286,887)	(1.4%)
Foreign Exchange Gains	74,517,075	46.0%
Total	**₱ 162,126,275**	**100.00%**

The Registrant's consolidated revenue in 2023 increased to P164.3 million from P162.1 million in 2022. Equity in net earnings of associates increased from P26.2 million in 2022 to P45.3 million in 2023. Rent decreased from P23.9 million in 2022 to P22.1 million in 2023. Fair Value Gain on Financial Assets at FVPL was P94.3 million in 2023 compared to P13.7 million in 2022. Dividend income decreased to P4.2 million in 2023 from P5.7 million in 2022. Fair value gains on disposal of Financial Assets at FVOCI was a loss of P23.8 million in 2023 compared to a gain of P2.3 million in 2022. Net FX gain was P3.1 million compared to a gain of P74.5 million in 2022.

B. PRINCIPAL PRODUCTS AND SERVICES OF MCHC

Currently, MCHC, the Registrant's subsidiary, has direct holdings in real estate and stock and bond investments. It also owns shares in subsidiaries and affiliates engaged in development of infrastructure projects and in real estate investment and development.

(a) Power Generation Project Companies

As a result of the crippling power shortages in the 1980s, the Philippine government launched its program to encourage private sector participation in the power industry through the enactment of Executive Order No. 215 ("**EO 215**"). Under EO 215, independent power producers ("**IPPs**") may participate in bulk generation to serve the requirements of the National Power Corporation ("**NPC**"), electric cooperatives, private utilities and other customers. It was against this background that MCHC's power generation project companies, Magellan Utilities Development Corporation ("**MUDC**"), Magellan Cogeneration, Inc. ("**MCI**") and Mactan Power Corporation ("**MPC**") were organized, on the basis of BOO schemes under Republic Act No. 6957, as amended by Republic Act No. 7718. The MPC project was sold by MCHC in 1997 right before the onset of the Asian economic crisis. The MCI project was completed and sold in 1998.

MUDC, which was established to develop an approximately 320MW power plant in Pinamucan, Batangas, is 43%-owned by MCHC. The other major shareholder in MUDC is GPU Power Philippines, Inc. ("**GPU Power**"), with a 40% equity interest. GPU Power is a subsidiary of GPU Corporation ("**GPU**"), the former parent company of Manila Electric Company ("**MERALCO**"). GPU was a U.S.-based energy holding company with about US$11 billion in assets that operates utilities and power plants in New Jersey and Pennsylvania, U.S.A. GPU has been acquired by First Energy Corporation of Ohio which has decided to withdraw from the project and has done so by liquidating GPU Power.

MUDC initially had a 25-year power sales contract with MERALCO, under which MUDC was to supply power to MERALCO from its 300 MW coal-fired power plant to be constructed in Pinamucan, Batangas. Under a Memorandum of Agreement executed in December 1998, the parties agreed to execute a power purchase agreement whereby MERALCO would purchase the power generated from MUDC's 320 MW power plant, which was to be fuelled primarily by natural gas. The said power purchase agreement has not yet been finalized.

As a result of the project's uncertain prospects, the Registrant's auditor recommended and management had agreed that provision be made for all project development expenditures and pre-operating expenses by MUDC in line with current accounting standards. MUDC has decided not to proceed with its power project due to MERALCO's unwillingness to enter into a revised Power Purchase Agreement and due to the withdrawal of its foreign partner, GPU. In addition, MCHC has almost fully provided for its receivables due from MUDC. In 2008, in the Registrant's Consolidated Financial Statements, receivables due to MCHC's subsidiary, Pinamucan Industrial Estates, Inc., were also fully provisioned. Thus, the Registrant's remaining exposure to the MUDC project is minimal (about ₱2.1 million) at the end of 2015.

(b) Real Estate Holding and Development Companies

Until July 2011, MCHC owned 100% interest in Batangas Agro-Industrial Development Corporation ("**BAID**").

BAID has the following wholly-owned subsidiaries, which, together with BAID, own fifty (50) hectares of land fronting Batangas Bay in Pinamucan, Batangas:

(1) Fruit of the East, Inc.;
(2) United Philippines Oil Trading, Inc.;
(3) Hometel Integrated Management Corporation;

(4) King Leader Philippines, Inc.;
(5) Samar Commodities & Industrial Corporation; and
(6) Tropical Aqua Resources, Inc.

In July 2011, MCHC sold all its shares in BAID to J.G. Summit Holdings, Inc. for a total consideration of ₱1.04 billion.

(c) Principal Products and Services of Pointwest Technologies Corporation

Pointwest Technologies Corporation ("**PTC**") is a global service company offering outsourced IT services from the Philippines. It is led by an experienced management team that helped pioneer offshore outsourcing in the Philippines. The Registrant is a founding shareholder of PTC and owns 30% of its equity. Among others, PTC offers software servicing, maintenance, testing, and development to various clients mostly in the United States. It started operations in 2003 and had built up to a staffing level of over One Thousand (1,000) IT Professionals and Support Staff. But recent restructuring due to loss of two (2) major accounts has reduced staffing level to about 500. PTC's consolidated net income in 2023 reached P105.9 million and revenues of P981 million.

(d) Principal Products and Services of Business Process Outsourcing International, Inc.

Business Process Outsourcing International, Inc. ("**BPOI**") is a provider of finance and accounting services such as payroll services, internal audit, payables processing and other accounting-based services. It has a total of over 300 employees servicing many of the large multinationals operating in the country. BPOI was spun off from the BPO department of SGV & Co, the biggest auditing firm in the country. The Registrant is a major shareholder of BPOI with a 35% ownership stake. BPOI reported a net income of ₱41.3 million in 2023 on revenue of ₱463.2 million.

Competition

PTC and BPOI face competition from other providers of software and business process outsourcing services both in the country and abroad. Outsourcing is a competitive industry and being competitive requires ability to provide quality and reliable service and ability to control costs so that operating margins are maintained at viable levels.

Transactions with and/or Dependence on Related Parties

The Registrant's subsidiary, MCHC, and certain of MCHC's subsidiaries and affiliates, as well as Registrant's affiliates, BPOI and PTC, have transactions with each other such as rental contracts. These transactions are on arms-length basis and, in the case of partially-owned affiliates, are subject to approval of unrelated shareholders of these affiliates. In the case of rental contracts, the rental rates charged are similar to those charged to outside parties leasing similar properties.

Patents, Trademarks, Copyrights, Etc.

As previously stated, other than for MUDC's power supply agreement with MERALCO and Memorandum of Understanding with SPEX, there are no patents, trademarks, licenses, franchises, concessions, royalty agreements or labor contracts and the like, owned by or pertaining to the Registrant and its subsidiary, MCHC.

Costs and Effects of Compliance with Environmental Laws

Since MUDC has decided not to pursue its power project, there is no anticipated need to comply with any environmental regulations. The other affiliates which are involved in the outsourcing industry which mainly involve the use of computer and other office equipment are expected to have negligible environmental impact.

Employees

The Registrant has three (3) full time employees, one (1) each for accounting, clerical, and administrative and one (1) consultant, not including the employees and consultants retained by the Registrant's subsidiary and affiliates. The Registrant's employees are not subject to any Collective Bargaining Agreements ("**CBA**"), nor are they involved in or have threatened to strike for the past three (3) years. Aside from the mandatory 13th month pay and additional 14th month pay and service incentive leaves (vacation and sick) benefits and retirement benefits mandated by Republic Act No. 7641, there are no other benefits that are granted by the Registrant to its employees. The Registrant does not anticipate the need to hire additional employees within the ensuing twelve (12) months.

Risk of the Business of the Registrant and Subsidiaries

1. Pointwest Technologies Corporation

Pointwest Technologies Corporation ("**PTC**") would face the normal risks faced by an IT services company serving mostly foreign clients. These risks include: 1) the risk that PTC may not find or retain clients; 2) some contracts are on non-recurring basis and may not be renewed; 3) risk of contract dispute in case of customer dissatisfaction with the services provided; 4) risk of non-collection of receivables due to contract dispute or to financial problems of customers; 5) high staff turnover which may affect service quality; 6) ability to recruit and retain qualified IT professionals; (7) change in foreign exchange rates that may affect the operating margin of its businesses.

2. Business Process Outsourcing International, Inc.

Business Process Outsourcing International, Inc. ("**BPOI**") would face the normal risks faced by a BPO company which are very similar to the risks faced by an IT services outsourcing company such as PTC. BPOI currently services only domestic clients but intends to develop its foreign business. The risks BPOI takes include: 1) the risk that BPOI may not find or retain clients; 2) some contracts are on non-recurring basis and may not be renewed; 3) risk of contract dispute in case of customer dissatisfaction with the services provided; 4) risk of non-collection of receivables due to contract dispute or to financial problems of customers; 5) high staff turnover which may affect service quality; 6) ability to recruit and retain qualified accounting and finance professionals.

3. Portfolio Investments

The Registrant and its subsidiaries and affiliates also invest their excess cash in bonds, stocks, mutual funds, and short-term placements. These involve government securities as well as corporate bond and stock investments which face the normal commercial risks such as price declines, payment defaults and foreign exchange risks in the case of foreign currency denominated investments. The Registrant and its indirect subsidiary Pinamucan Industrial Estate Inc. also own shares in ASLAN Pharmaceuticals Ltd., a Biotech company, which was listed in the Taiwan Stock Exchange last year and has also been listed in NASDAQ.

Other Interests

MCHC also has a 100% interest in a mining company, Malabrigo Corporation ("**Malabrigo**"). Malabrigo has a paid-up capital of ₱10,000,000.00 and limestone mining claims in Batangas, which are not considered significant in potential. It has also invested as a partner in a shopping center project in the United States.

The Registrant and Pinamucan Industrial Estates, Inc. ("**PIEI**") have also invested in Aslan Pharmaceuticals Limited (Aslan), a biotech company focused on development of immunotherapies and targeted agents for Asia prevalent tumor types. The Registrant owns 936,000 shares while

PIEI owns 1,497,388 shares of Aslan. Aslan's shares was listed in the Taipei Exchange on June 1, 2017 and its ADR 's were listed in NASDAQ in May of 2019.

Other than MUDC's power supply agreement with MERALCO and Memorandum of Understanding with SPEX, there are no patents, trademarks, licenses, franchises, concessions, royalty agreements or labor contracts and the like owned by or pertaining to the Registrant and its subsidiary, MCHC. Also, no substantial expenditures have been made for research and development activities for the past three (3) years.

PROPERTIES

Equity Interests. The Registrant' investment in MCHC, consists of shares of common stock with aggregate issued value representing approximately 94.37% of the outstanding shares of MCHC.

MCHC owns 70,458 shares of common stock, representing approximately 43% of the outstanding capital stock of MUDC. MUDC was set up to develop a 320 MW power plant project in Pinamucan, Batangas which has now been aborted. MCHC's exposure to MUDC has been fully provided for in the Consolidated Financial Statements.

MCHC also has equity interests in Pinamucan Industrial Estates, Inc. (100%-owned) and Malabrigo (100%-owned). MCHC also owns 100% of Magellan Capital Trading Corporation; Magellan Capital Realty Development Corporation, two inactive shell companies.

The Registrant owns common shares in PTC which represent a 30% ownership interest in the company. The Registrant also owns shares of BPOI equivalent to 35% ownership interest in BPOI.

Real Estate. The Registrant has no real estate holdings except through its subsidiary, MCHC.

(a) Condominium Units

MCHC owns five (5) office condominium units which comprise the entire 5th Floor of the BDO Towers Paseo Building, located at 8741 Paseo de Roxas, Makati City, including five (5) appurtenant parking units, *per* a Deed of Sale executed on 26 April 2000. Three of the five units are being leased out and two units are used as the corporate offices of the Registrant and its subsidiaries. MCHC also owns an office condominium unit on the 25th Floor and two condominium units on the 16th Floor of the BDO Towers Valero Building in Makati (acquired in December 2014) and ten parking slots which are being leased out at prevailing commercial rates. MCHC also acquired in early 2017 one whole floor of the JMT Condominium Building in Ortigas Center. In 2018, MCHC has also acquired three condominium units in Two Roxas Triangle which were under construction and are expected to be turned over in 2021 and one residential condominium unit in Arya Residences in BGC which is currently leased out.

(b) Office Properties

MCHC, the Registrant's wholly-owned subsidiary, has relocated its corporate offices to its Citicenter Property which consists of the entire 5th Floor of the BDO Towers Paseo Building in Makati. The Registrant, as principal shareholder of MCHC, has been allocated office space by MCHC. MCHC has also leased out the four (4) remaining units. One of the units has been leased by BPOI since February 16, 2009. Three other units are leased to other lessees. MCHC acquired at the end of 2014 two additional units in BDO Towers Valero which are currently leased out.

(c) Land/Property Ownership

MCHC has acquired a 985 square meter lot in Fort Bonifacio, Taguig City, which it plans to develop into an office building for lease. MCHC acquired, at the end of 2014, two additional condominium office units in BDO Towers Valero which are currently leased out. At the end of 2016, MCHC also acquired one floor of office condo units in the JMT Condominium Building which are also currently leased out. As of 31 December 2017, the above land and properties are not subject to any mortgages, liens or encumbrances.

LEGAL PROCEEDINGS

For the past six (6) years up to the present, there are no proceedings involving, and to the best of knowledge, threatened against the Registrant. As of 31 March 2024, none of the current directors, or nominees for election as director, executive officer, underwriter or control person of the Registrant has been involved in or in the subject of any bankruptcy petition, conviction by final judgment, or is the subject of any order judgment or decree, or involved in any violation of a securities of commodities law.

However, with respect to its subsidiaries, following is a summary of pending litigation involving them:

(a) ***"Rolando M. Zosa v. Magellan Capital Holdings Corporation and Magellan Capital Management Corporation"***, Civil Case No. CEB-18619, Regional Trial Court of Cebu City, Branch 58; *Magellan Capital Management Corporation and Magellan Capital Holdings Corporation v. Rolando M. Zosa, et al."* G.R. No. 129916, Supreme Court; *Ad Hoc Arbitration with an Arbitral Tribunal composed of Justice Florentino P. Feliciano, as Chairman and Attys. Ramon R. Torralba and Enrique I. Quiason as members; Regional Trial Court, Branch 139, SP Proc. No. M-6259 and SP Proc. No. 6264; Court of Appeals, CA GR. SP-144096; CA GR SP NO. 144162.*

This is a case for damages instituted in May 1996, wherein complainant Zosa seeks to enforce his purported rights under his Employment Agreement with defendants and claims entitlement to the following reliefs, to wit:

(1) actual damages in the amount of ₱10,000,000;
(2) attorney's fees in the amount of ₱300,000; and
(3) expenses of litigation in the amount of ₱150,000.

Defendants sought a dismissal of the case, invoking the provision of arbitration in the Employment Contract. In a Decision dated 18 July 1997, the trial court declared invalid the arbitration clause providing for the manner by which the arbitrators will be chosen and substituted the provisions of the Arbitration Law therefore. The Supreme Court, on 26 March 2001 affirmed the trial court's decision which became final and executory. Arbitrators were appointed one by Zosa, on the one hand, and the other jointly appointed by MCHC and MCMC and a third jointly chosen by the two arbitrators.

Sometime in November 2004, the Arbitral Tribunal was finally constituted composed of Justice Florentino P. Feliciano as Chairman and Attys. Ramon R. Torralba and Enrique I. Quiason as members.

On 14 March 2005, the parties submitted to the Tribunal their Confirmation of Agreement to Submit to Arbitration. The Complainant has submitted its Statement of Claims & Memorials. The respondents have submitted their Statement of Defenses and are scheduled to submit their Counter-Memorials on 02 May 2004.

On 02 August 2005, the Memoranda of the parties were submitted and the case was submitted for resolution.

On 06 March 2005, the Tribunal rendered its decision awarding Zosa's claim for severance pay but disallowed his claims for attorney's fees and moral and exemplary damages and costs of suit.

On 12 April 2006, MCHC filed with the Regional Trial Court of Makati City, a verified petition with prayer for the issuance of an Order to Vacate the Arbitral Award, dated 6 March 2006, pursuant to Sections 22 to 29 of Republic Act No. 876 ("The Arbitration Law") and the relevant provisions of Republic Act No. 9825 (the "Alternative Dispute Resolution Act of 2004). Likewise, Zosa filed his Application for Confirmation of Award on 12 April 2006. The two cases were consolidated and are presently pending with Branch 139 of the Regional Trial Court of Makati as Sp. Proc. No. M-6259 and M-6264. The parties are presently awaiting the Court's resolution on the issue of whether the Application for Confirmation of Award was seasonably filed considering the non-payment of docket fees at the time of filing. On 17 March 2009, a hearing was held whereby the Court directed all the parties to submit their respective Memoranda. In compliance with the aforesaid order, MCHC submitted its Memoranda on 17 May 2009. The case was submitted for resolution on 19 January 2013.

On 29 June 2015, the Court rendered its decision confirming the arbitral award directing MCHC solidarily with MCMC to pay Zosa's severance compensation in the amount of ₱14,669,691.43. MCHC filed its Motion for Reconsideration on 23 July 2015 which was denied in an Order dated 7 January 2016. On 9 February 2016, MCHC filed with the Court of Appeals its Petition for Review of the Decision of the Regional Trial Court. MCMC likewise filed its appeal with the said appellate court. On August, 2019, the Court of Appeals denied the Petition for Review. Magellan Capital Holdings Corporation filed a Motion for Reconsideration on 16 September 2019 – assailing the Court of Appeals decision. The Motion for Reconsideration was denied by the Court of Appeals in its Resolution of 22 September 2020. MCHC has decided not to pursue the appeal. MCMC, however, went up to the Supreme Court on appeal. The court has finalized its decision and MCHC has fully paid the Arbitral Award and the case is now closed.

(b) ***"People of the Philippines vs. Ariel Balatbat",*** Criminal Case No. 115515, Regional Trial Court of Pasig City, Branch 155. MCHC filed a complaint, through its authorized officer, against Ariel Balatbat for qualified theft relating to several unauthorized withdrawals of, and anomalous transactions involving, company funds in the total amount ₱41,021.50 (converted to US$1,000.00). On 29 October 2004, the Court rendered its decision finding the accused guilty beyond reasonable doubt of the crime of qualified theft under Article 310 of the Revised Penal Code and imposed the corresponding penalty of imprisonment of 10 years minimum to a maximum of 14 years. The Decision of the Regional Trial Court was appealed to the Court of Appeals. In a Decision rendered in February 2018, the Court of Appeals reversed the conviction of the accused. As of this writing, MCHC, decided not to appeal the aforesaid Decision of the Court of Appeals for humanitarian reasons, and because the accused had already spent some time in incarceration.

"People of the Philippines vs. Ariel Balatbat", Criminal Case No. 114955, Regional Trial Court of Pasig City, Branch 151. MUDC, through its authorized officer, has also filed a complaint against Ariel Balatbat for qualified theft relating to several unauthorized withdrawals of, and anomalous transactions involving, company funds in the total amount of ₱121,500.00 (equivalent to US$3,000.00), US$4,000.00, and US$1,020.00. Said amounts were never recovered or accounted for. The case is currently pending before the Regional Trial Court, which also issued a warrant of arrest for the same. The bail was set for ₱40,000.00. The accused was arrested and subsequently arraigned. Three (3) witnesses have been presented - two (2) from the bank and one (1) from MUDC.

On 28 February 2005, the Prosecution filed its "Formal Offer of Evidence". Defense rested its case on 4 December 2006. On 22 January 2007, the Prosecution presented its rebuttal evidence. The Memorandum for the Prosecution having been filed, the case was submitted for decision. As of this writing or on April 29, 2013 the Court rendered its decision finding the accused guilty of the crime of qualified theft and sentenced the accused to *reclusion perpetua*. It also ordered the restitution to MUDC of the amount of $4,000.00 or its peso equivalent ₱105,720.00 Pesos. The Court found no liability for the amount of $3,000.00 withdrawn it appearing that same was credited to private complainant. On appeal, the Court of Appeals, in a Decision dated 28 February 2017, reversed and set aside the Decision of the Regional Trial Court, dated 15 February 2013. As of this writing, MCHC, for humanitarian reasons, and the fact that the accused had already spent some time in incarceration, decided not to appeal the aforesaid Decision of the Court of Appeals.

c) **Magellan Capital Holdings Corporation vs. Spouses Mario and Preciosa Roño, Civil Case No. 066, Regional Trial Court, Taguig City, Branch 153.** This is a case, filed in 2016, for Injunction, with application for TRO and Writ of Injunction, against Spouses Mario and Preciosa Roño, the Taguig Register of Deeds, the Securities and Exchange Commission, Bureau of Internal Revenue, Taguig District to prevent the use of falsified documents including a fake Deed of Sale, fake General Information Sheet (GIS) and fake certificate of title, to transfer MCHC's property in Fort Bonifacio in favor of the Spouses Roño. This is in relation to the ongoing attempt by certain individuals to cause the transfer of title over MCHC's 985 square meter lot at Bonifacio Global City ("BGC") in their favor using falsified and spurious documents. The Regional Trial Court granted the preliminary injunction on 24 August 2016. The case is pending resolution on the grant of a permanent injunction. In an order dated 3 July 2017, the RTC referred the case for mediation proceedings which are ongoing as of this writing. On 15 March 2018, the Court deemed as submitted for resolution the Motion to declare defendants in default.

d) **Magellan Capital Holdings Corporation represented by Mr. Robert Y. Cokeng vs. Spouses Mario and Preciosa Roño et al, XV-16-INQ-16F-00541, Office of the City Prosecutor of Taguig; People of the Philippines vs. Marion S. Roño, Criminal Case No. 17-28768, Metropolitan Trial Court of Taguig City, Branch 115; People of the Philippines vs. Mario S. Roño, Criminal Case No. 17-28769, Metropolitan Trial Court of Taguig City, Branch 115; People of the Philippines vs. Mario S. Roño and Preciosa Roño, Criminal Case No. 17-28771, Metropolitan Trial Court of Taguig City, Branch 115;People of the Philippines vs. Mario Roño and Preciosa Roño, Criminal Case no. 17-28770, Metropolitan Trial Court of Taguig City, Branch 116.** These criminal cases for Falsification under Article 171 in relation to Article 172 of the Revised Penal Code, were filed against the named individuals in connection with Civil Case No. 066. The Prosecutor in XV-16-INQ-16F-00541, found probable cause against the respondents and the corresponding Information was filed with the Metropolitan Trial Court. A Warrant of Arrest against the respondents was issued on 10 February 2017 and Arraignment was scheduled last 23 March 2017. On 12 May the MTC dismissed the accused's Omnibus Motion (1) to Quash for failure to state an offense (2) issue Bill of Particulars and (3) suspend proceedings in view of the pendency of accused's Petition for Review with the Department of Justice (DOJ) and (4) Suspend Arraignment. Arraignment was scheduled to be held on 15 May 2017. In an Order dated 22 May 2017, the RTC reset the arraignment to 14 August 2017. On 2 June 2017 the Department of Justice (DOJ) dismissed the petition for Review filed by the accused Spouses Rono. The accused was arraigned on 14 August 2017. Thereafter, the parties were referred to mediation and Judicial Dispute Resolution. No settlement was reached. The case was re-raffled to Branch 74 and scheduled for Preliminary Conference on 27 February 2019. The hearing dates for presentation of prosecution evidence are on 11 April, 9 May, 13 June, 29 July, 29 August, 23 September, 21 October, 18 November and 12 December 2019, all at 8:30 a.m.

On March 4, 2020, the parties executed a Compromise Agreement whereby the Accused agreed to pay the sum of Ten Million Pesos (P10,000,000.00) to settle the case. In an Order dated 5 March 2020, the Court approved the Compromise Agreement dated 4 March 2020 and provisionally dismissed the criminal cases.

e) **Magellan Capital Holdings Corporation, represented by Mr. Robert Y. Cokeng vs. Spouses Mario and Preciosa Roño, Pedro S. Villaflor, John Doe and Jane Doe, IS No. XV-13-INV-16-J-02050, Office of the City Prosecutor of Pasay City, Department of Justice.** In relation to the aforementioned cases, this case was filed against the respondents for violation of Article 172 in relation Article 171 of the revised Penal Code (Use of Falsified documents). The falsified documents were used to open an account in Maybank, Villamor Base branch, Pasay City. In a Resolution dated 5 January 2017, the City Prosecutor dismissed MCHC's complaint. In Resolution dated 29 November 2017, the Motion for Reconsideration filed by MCHC was denied.

f) **Magellan Capital Holdings Corporation vs. Spouses Mario and Preciosa Roño, IS No. XV-03-INV-16J-10508, Office of the City Prosecutor of Quezon City, Department of Justice.** In relation to the aforementioned cases, this case was filed against the respondents for violation of Article 172 in relation to Article 171 (2) of the Revised Penal Code. The falsified documents appear as having been executed and notarized in Quezon City. In a Resolution dated 19 March 2018 which was received on 18 April 2018, the City Prosecutor's office dismissed the complaint against respondents. MCHC filed its Motion for Reconsideration of the aforesaid Resolution on 03 May 2018. As of this writing the said Motion is still pending resolution.

g) **Robert Y. Cokeng (for and in behalf of Magellan Capital Holdings Corporation) vs. Maybank Philippines, Inc. Dato Dr. Tan Tat Wai, Herminio M. Famatigan Jr., Jonathan P. Ong, Jose A. Morales III and Milandro C. Urbano, OSI-AC-No. 2016-032, Bangko Sentral ng Pilipinas, Office of the Special Investigation**; **Robert Y. Cokeng (for and in behalf of Magellan Capital Holdings Corporation) v. Metropolitan Bank and Trust Company, Fabian S. Dee, Alfredo V. Ty, Arthur Ty, Francis Cua, Trixia C. Tan, Joyce P. Pareno and Grance C. Buenavista, OSI-AC_No. 2016-029, Bangko Sentral ng Pilipinas, Office of Special Investigation.** These cases were filed with the Bangko Sentral ng Pilipinas against two banks, Maybank and Metro Bank in connection with their participation in the aforementioned cases. In OSI-AC-No.2016-032, the BSP, in a Resolution, dated 21 November 2016, referred the case against Maybank to the Financial Consumer Protection Department (FCPD), Supervision and Examination Sector of the BSP. In a letter dated 02 February 2017, the FCPD informed MCHC that it in turn referred the matter to the attention of BSP departments exercising supervisory authority over banks. The Office of Special Investigation, in the meantime, continued to hear the administrative complaint against the respondents Dato Dr Tan Tat Wai, Herminio Famatigan, Jonathan P. Ong et al. In a Resolution dated 03 October 2017, the BSP Office of Special Investigation dismissed the administrative complaint against the said respondents. In a Resolution dated 09 January 2017, the BSP denied MCHC's Motion for Partial Reconsideration. With respect to OSI-AC No. 2016-029, the Office of Special Investigation, in a Resolution dated 20 March 2018, dismissed the administrative complaint filed by MCHC against Metro Bank and its Board of Directors.

FINANCIAL AND OTHER INFORMATION

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Registrant's consolidated revenue in 2023 increased to ₱164.3 million from ₱162.1 million in 2022. Equity in net earnings of associates increased to ₱45.3 million in 2023 from ₱26.2 million in 2022. Interest income increased to ₱18.5 million in 2023 from ₱14.6 million in 2022 as interest levels have stabilized. A net foreign exchange gain of ₱3.1 million was recorded in 2023 versus a gain of ₱74.5 million in 2022 as the Peso stabilized against foreign currencies compare to last year. Rent decreased slightly from ₱23.9 million in 2022 to ₱22.1 million in 2023. Loss on AFS, HTM and FVPL Financial Assets of ₱0.3 million was recorded in 2023 versus a gain of ₱5.6 million in 2022. Dividend income decreased to ₱4.2 million in 2023 from ₱5.7 million in 2022.

Total consolidated expenses of the Registrant decreased to ₱107.3 million in 2023 compared to ₱136.4 million in 2022 due mainly to incurring no losses from legal settlements.

As a result of the above, total consolidated income before tax in 2023 totaled ₱56.9 million compared to ₱25.7 million in 2022. After provision for income tax, total consolidated net income after tax totaled ₱56.9 million in 2023 compared to ₱19.7 million in 2022.

Net income attributable to non-controlling interest, namely minority shareholders of Magellan Capital Holdings Corporation, totaled to a gain of ₱1.4 million in 2023 compared to a loss of ₱0.6 million in 2022.

Net income attributable to equity holders of the Registrant totaled ₱62.2 million in 2023 compared to ₱20.3 million in 2022.

The Registrant's financial position is very strong as it has substantial cash resources available to undertake its planned projects. As of December 31, 2023, the Registrant's consolidated cash and cash equivalent totaled ₱429.9 million compared to ₱467.7 million as of December 31, 2022. The Registrant and its subsidiary are planning to undertake development of MCHC's land in Fort Bonifacio into an office building as well as to acquire income producing properties as well as additional land for development. The Registrant and its subsidiary are debt free with total consolidated liabilities of ₱65.8 million at year-end 2023 compared to ₱58.1 million at year-end 2022. Total equity amounted to ₱1.89 billion as of the end of 2023 compared to ₱1.88 billion at the end of 2022.

Top Five (5) Key Performance Indicators

The top five (5) performance indicators for the Registrant are as follows:

(1) Revenue Generation
(2) Change in net income
(3) Earnings per share
(4) Current ratio
(5) Book value per share

Revenue Generation. Revenue in the last two fiscal years is summarized below along with vertical percentage analysis:

(₱000)	YEAR 2023	PER-CENTAGE	YEAR 2022	PER-CENTAGE	INCREASE (DECREASE) YEAR 2022	PER-CENTAGE
Equity in net earnings of associates	₱ 45,346	27.7%	₱ 26,211	16.2%	₱ 19,135	73.0%
Interest Income	18,547	11.3%	14,588	9.0%	3,959	27.1%
Rent	22,122	13.5%	23,946	14.8%	(1,824)	(7.6%)
Dividend Income	4,226	2.6%	5,670	3.5%	(1,444)	(25.4%)
Fair Value Gains (Losses) on Financial Assets at FVPL	94,321	57.6%	13,742	8.5%	80,579	586%
Gain (Losses) on Disposal of AFS, HTM and FVPL Investments	(319)	(0.2%)	5,679	3.5%	5,679	(105%)
Gain (Loss) on Disposal of Financial Assets at FVOCI	(23,888)	(14.6%)	(2,286)	(1.4%)	(21,602)	(945%)
Net FX Gain	3,101	18.9%	74,517	46.0%	(71,416)	(95.8%)
Others	285	0.2%	56	-	229	409%
Total from continuing operation	**₱ 164,306**	**100.0%**	**₱ 162,126**	**100.0%**	**₱ 1,617**	**1.0%**

Equity in Net Earnings of Associates increased from ₱26.2 million in 2022 to ₱45.3 million in 2023. Interest income increased to ₱18.5 million in 2023 from ₱14.5 million in 2022. Rental income decreased from ₱23.9 million in 2022 to ₱22.1 million 2023. The result is an increase in revenue to ₱163.7 million in 2023 from ₱162.1 million in 2022.

Change in net income. The summary income statements for the last three fiscal years are shown below with vertical percentage analysis.

(000)	YEARS ENDED DECEMBER 31					
	2023	PERCENTAGE	2022	PERCENTAGE	2021	PERCENTAGE
Revenue	₱ 164,306	100%	₱ 162,126	100%	₱ 128,321	100%
Expenses	107,319	65.5%	136,397	84.1%	52,659	41.0%
Net Income Before Tax	56,986	34.8%	25,728	15.8%	75,662	58.9%
Tax	6,724	4.1%	(6,022)	(3.7%)	(17,029)	(13.3%)
Total Net Income	**₱ 63,711**	**38.9%**	**₱ 19,706**	**12.1%**	**₱ 58,632**	**45.7%**
Attributable to Stockholders of Registrant	62,262	38.0%	20,333	12.5%	56,875	44.3%
Non-Controlling Interest	1,448	0.9%	(626)	(0.4%)	1,757	1.4%

As the above shows, net income increased to ₱63.7 million in 2023 from ₱19.7 million in 2022. The net income was 2022 attributable to stockholders of the Registrant was ₱20.3 million while a loss of ₱0.6 million was attributable to non-controlling interests. The net income attributable to stockholders of the Registrant in 2023 is ₱62.2 million while ₱1.4 million was attributable to non-controlling interests.

Earnings per share. The earnings per share in 2023 amounted to ₱0.16 per share compared to earnings per share of ₱0.05 in 2022 and ₱0.15 in 2021. The earnings per share are adjusted to reflect the shares held by the Registrant's subsidiaries which are classified as treasury shares in the Consolidated Financial Statements.

Current-Ratio. Current Ratio (current assets divided by current liabilities) which measures the liquidity position of the Registrant was 0.6x at December 31, 2023 compared to 46.2x at the end of 2022. The Registrant's liquidity position is very strong and gives it substantial resources to pursue its projects.

Book value per share. The Registrant's book value per share (excluding treasury shares owned by subsidiaries of the Registrant) was ₱4.96 per share at the end of 2023 from ₱4.80 at year-end 2022 and ₱4.94 at year-end 2021.

(i) Any known trends or any known demands, commitments, events or uncertainties

The Registrant and its subsidiary and affiliates are substantially debt-free, except for MUDC, which has loans and advances from its principal shareholders. The Registrant and its subsidiaries have more than enough cash resources to meet any expected requirements during the next twelve (12) months. Consolidated cash and cash equivalents totaled ₱429.9 million at year end 2023 compared to ₱467.7 million at year end 2022. Other than the normal fluctuations of the Philippine Peso to the U.S. Dollar, the Registrant is unaware of any trends, demands, commitments, events or uncertainties that will result in or that are reasonably likely to result in its liquidity increasing or decreasing in any material way. Likewise, the Registrant does not know of any trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on the revenues or income from continuing operations.

(ii) Any events that will trigger direct or contingent financial obligation

There are no events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation.

(iii) All material off-balance sheet transactions, arrangements, obligations

There are no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the company with unconsolidated entities or other persons created during the reporting period.

(2) OPERATIONS AND FINANCIAL CONDITION FOR THE LAST THREE (3) FISCAL YEARS

The following is a detailed discussion of the Registrant's operations and financial condition for the past three (3) fiscal years.

Exhibit "2" shows the audited consolidated balance sheet as of December 31, 2023 and December 31, 2022 and audited consolidated income statements for the years 2022, 2021 and 2020. The accounts are discussed below in more detail.

OPERATING RESULTS

Revenues. In the year ended 31 December 2023, total consolidated revenues totaled ₱164.3 million compared to ₱162.1 million in 2022 and ₱128.3 million in 2021.

Expenses. Total consolidated operating expenses increased to ₱107.3 million in 2023 from the ₱136.4 million in 2022 due mainly to a one time loss from legal settlements in 2022.

Net Income Before Tax. As a result of the movement in revenues and expenses discussed in the preceding sections, net income before tax totaled ₱56.9 million in 2023 compared to ₱25.7 million in 2022 and ₱75.6 million in 2021.

Provision For Income Tax. In 2022, there was a net positive provision for income tax due to over payment of ₱6.7 million compared to negative ₱6.0 million in 2022 and negative ₱17.0 million in 2021.

Net Income After Tax. As a result of the provision for income tax discussed above, the Registrant had a consolidated net income after tax of ₱63.7 million in 2023, from net income after tax of ₱19.7 million in 2022 and ₱58.6 million in 2021.

BALANCE SHEET ACCOUNTS

The following comparative financial analysis is based on audited consolidated balance sheets as of December 31, 2023 and December 31, 2022 shown in Exhibit "2". Exhibit "4" shows the vertical percentage analysis of balance sheet accounts as of December 31, 2023 and December 31, 2022. The movements in the various accounts are discussed below:

ASSETS

Current Assets. Total current assets at year-end 2023 totaled ₱810.3 million compared to ₱750.2 million at year-end 2022. Cash and cash equivalents decreased to ₱429.9 million at year end 2023 from ₱467.7 million at year end 2022. Financial assets at Fair Value through Profit or Loss (FVPL) increased to ₱341.6 million at year-end 2023 from ₱238.3 million at year-end 2022. Prepayments and other assets increased to ₱35.4 million at year-end 2023 from ₱34.1 million at year-end 2022.

Non-Current Assets. Total non-current assets at year-end 2023 totaled ₱1,074 million versus ₱1,129 million at year-end 2022.

Total Assets. As a result of the movement in the accounts described above, total consolidated assets of the Registrant at year-end 2023 totaled ₱1,885 million compared to ₱1,879 million at year-end 2022.

LIABILITIES AND EQUITY

Current Liabilities. Current liabilities increased to ₱39.2 million at year-end 2023 from ₱16.2 million at year-end 2022.

Non-Current Liabilities. Non-current liabilities decreased to ₱41.8 million at year-end 2023 from ₱26.6 million at year-end 2022 due mainly to deferred Tax Liabilities.

Stockholder's Equity. Total Stockholder's Equity Attributable to Equity Holders of the Registrant increased to ₱1,753.6 million at year-end 2023 from ₱1,751.4 million at year end 2022. Equity attributable to minority shareholders of MCHC totaled ₱65.8 million at year end 2023 compared to ₱70.4 million at year-end 2022. As a result, total stockholders equity at year-end 2023 stood at ₱1,885.3 million compared to ₱1,879.9 million at year-end 2022.

INFORMATION ON INDEPENDENT ACCOUNTANT AND OTHER RELATED MATTERS

External Audit Fees and Services

a) *Audit and Audit- Related Fees for the Last Three Fiscal Years*

	2023	2022	2021
Registrant	₱ 550,000	₱ 475,000	₱ 448,000
MCHC	448,000	448,000	490,000
Subsidiaries of MCHC	192,640	302,400	58,660
MUDC	56,000	26,415	21,449

b) *Tax Fees*: None
c) *All Other Fees*: None
d) Audit Committee has approved the audit fees

Prior to the commencement of audit work, the external auditors, present their program and schedule to the company's Audit Committee. The company's audited financial statements for the year are presented by the external auditors to the Audit Committee for committee approval and endorsement to the full Board for final approval. Upon the recommendation of the Audit Committee, the Board approved the audit fees and nomination of Reyes Tacandong & Co. as external auditor for the year 2023.

Dividends

Dividends amounting to ₱0.17 per share were declared and paid out in 2023.

Under the Registrant's By-laws, there are no restrictions in the declaration of dividends other than what is prescribed in the Corporation Code, namely that these shall be declared only from surplus profit and no stock dividend shall be issued without the approval of stockholders representing not less than two-thirds of all stock outstanding and entitled to vote at a general or special meeting called for the purpose.

TOP 20 STOCKHOLDERS OF THE REGISTRANT

The top twenty (20) stockholders of the common equity of the Registrant as of March 31, 2024 are as follows:

	NAME OF STOCKHOLDERS	NUMBER OF SHARES			PER-CENTAGE
		CLASS A	CLASS B	TOTAL	
1	Essential Holdings Limited	-	139,778,670	139,778,670	29.01%
2	PCD Nominee Corporation (A Shares)	72,705,490	11,088,581	83,794,071	17.4%
3	Pinamucan Industrial Estates, Inc.	12,491,025	37,799,160	50,290,105	10.42%
4	Magellan Capital Holdings Corporation	47,844,022	-	47,844,022	9.92%
5	Consolidated Tobacco Industries of the Phils., Inc.	43,052,023	-	43,052,023	8.93%
6	Vructi Holdings Corporation	34,633,628	-	34,633,628	7.18%
7	Center Industrial and Investment, Inc.	23,991,000	-	23,991,000	4.98%
8	Robert Y. Cokeng	15,713,072	-	15,713,072	3.26%
9	Johnson Tan Gui Yee	15,371,747	-	15,371,747	3.19%
10	Victorian Development Corporation	12,085,427	-	12,085,427	2.51%
11	Brixton Investment Corporation	2,815,000	-	2,815,000	0.58%
12	Francisco Y. Cokeng, Jr.	2,160,000	-	2,160,000	0.45%
13	Johnson U. Co	1,100,000	-	1,100,000	0.23%
14	Betty C. Dy	1,100,000	-	1,100,000	0.23%
15	Homer U. Cokeng	1,020,000	80,000	1,100,000	0.23%
16	Rosalinda C. Tang	1,080,000	-	1,080,000	0.22%
17	Metro Agro Industrial Supply Corporation	523,833	270,144	793,977	0.16%
18	Rey Michael C. Tiangco	500,000	-	500,000	0.11%
19	Raizel T. Kwok	500,000	-	500,000	0.11%
20	Criscini A. Reyes	400,000	-	400,000	0.09%

Percentage based on the Total Issued and Outstanding Shares of 481,827,653.

Recent sales of unregistered or exempt securities, including recent issuance of securities constituting an exempt transaction

The Registrant has not sold any securities within the past three (3) years, which were not registered under the Securities Regulation Code, including sales of reacquired, as well as new issues, securities issued in exchange for property, services, or other securities and new securities resulting from the modification of outstanding securities.

Warrants

There are no warrants or options outstanding as of the end of December, 2023 and up to the present.

DISCUSSION ON COMPLIANCE WITH LEADING PRACTICE ON CORPORATE GOVERNANCE

In Compliance with SEC Memorandum Circular No. 2, dated April 05, 2002, the Company submitted its Manual on Corporate Governance on August 29, 2002 as approved by its Board of Directors in a meeting held on August 14, 2002, which basically adopted the SEC's Model Manual. Since the Manual's effectivity on January 01, 2003, the Company's Board of Directors and Management has been complying with the principles laid down by the Code of Corporate Governance through the mechanisms which have been institutionalized in the Manual and so far as may be relevant and appropriate to the Company's business as a holding company.

The Company continues to adopt measures to ensure compliance with the leading practices on good corporate governance through, among others, the nomination and election of two independent directors, the constitution of the different committees required by the Code such as the Nominations Committee, the Audit Committee, the Compensation and Remuneration Committee, all of which have been performing their functions as laid down in the Manual.

During a meeting held on March 29, 2004 the company's Board of Directors approved the adoption as part of the Manual, Sec. 4.2 of the PSE's Revised Disclosure Rules, which is in consonance with Chapter VII of the Securities Regulation Code.

Since its effective date, there has been no deviation from the Company's Manual of Corporate Governance. No member of the Company's Board of Directors or its officers and personnel has done or caused to be done any act in violation of the principles laid down in the said Manual.

The Company continues to adhere to the principles and policies of its Manual with the view to continually improve the company's corporate governance.

On February 11, 2008, the Board of Directors of the Company attended and completed the Seminar on Corporate Governance given by the UP Law Center, as required by the Rules. The company continues to comply with the appropriate performance self-rating assessment and performance evaluation system in compliance with pertinent SEC regulations.

On February 22, 2011, the Company submitted its Revised Manual on Corporate Governance pursuant to SEC Memorandum Circular No. 6, Series of 2009.

In compliance with pertinent Rules, the Corporate Secretary of the Company attended various seminars on the Corporate Governance – the Asean Scorecard Information Briefing held on various dates, the last one being held last March 26, 2013 at the Institute of Corporate Directors.

On May 30, 2013, the Company submitted its Annual Corporate Governance Report pursuant to SEC Circular No. 5, Series of 2013.

On October 20, 2014, the Company's President and Corporate Secretary attended the SEC-PSE Corporate Governance Forum at the Makati Shangri-la Hotel.

On April 23, 2015, the Company's representatives attended the SEC Corporate Governance Workshop on the Asean Corporation Governance Scorecard at the Crowne Plaza Manila in Ortigas.

On December 9, 2015, the members of the Board of Directors and the Corporate Secretary attended the Advance Corporate Governance Seminar held at the New World Hotel, Esperanza Street corner Makati Avenue, Ayala Center, Makati City.

On April 22, 2016, The Company's Corporate Secretary attended the Business Integrity Workshop of the Institute of Corporate Directors on "Compliance with US FCPA and the UK Bribery Act" at the Makati Diamond Residences.

On August 25, 2016 and December 8, 2016, the members of the Board of Directors attended the Corporate Governance Seminar held at the New World Hotel, Esperanza Street corner Makati Avenue, Ayala Center, Makati City

On November 22, 2016, other members of the Board of Directors and the Corporate Secretary attended the SEC-PSE Corporate Governance Forum at the 3rd Floor, Meeting Room I, PICC Complex, Pasay City.

On September 26, 2017, members of the Board attended the Corporate Governance Seminar “Competing Against Risk” at the Dusit Thani Hotel, Makati City. Another seminar was attended on October 14, 2017 at the Wackwack Golf & Country Club on “Risk, Opportunities, Assessment and Management (ROAM) Inc.” The last seminar attended for the year was on 10 November 2017at the Makati Shangri-la Hotel on “Corporate Governance: Board Effectiveness Best Practices.” The Corresponding Certificates of Completion/Attendance for the 2017 seminars attended was submitted to the SEC on 21 November 2017.

On February 23, 2018, the Company’s President attended the Corporate Governance Seminar held at the 3rd Floor, Guajes Room of Acacia Hotel in Alabang, Muntinlupa City and conducted by SGV.

On August 29, 2018, members of the Board of Directors attended the Corporate Governance “Orientation Program” held at the Discovery Primea, Makati City conducted by Institute of Corporate Directors (ICD)>

On August 30, 2018, members of the Board of Directors attended the Corporate Governance Seminar held at RCBC Plaza, Ayala Avenue, Makati City, conducted by Risks, Opportunities, Assessment and Management (ROAM), Inc. The corresponding Certificates of Completion/Attendance for August 29 and August 30 was submitted to SEC on 04 September 2018.

On November 9, 2018, members of the Board of Directors attended the Corporate Governance Seminar “Board Effectiveness Best Practices” held at Manila Marriott Hotel, Pasay City, conducted by Center for Global Best Practices.

On November 21, 2018, the other members of the Board of Directors attended the Corporate Governance Seminar “Professionalizing your Management and Board of Directors” held at PCCI BA Securities Hall, McKinley Hills, Taguig City, conducted by Philippine Chamber of Commerce and Industry (PCCI). The corresponding Certificates of Completion/Attendance for November 9 and November 21 was submitted to SEC on November 22, 2018.

On May 16, 2019, members of the Board of Directors attended the Corporate Governance Seminar “Professionalizing your Management and Board of Directors” held at PCCI BA Securities Hall, McKinley Hills, Taguig City, conducted by Philippine Chamber of Commerce and Industry (PCCI). Certificates of Completion/Attendance was submitted to SEC on May 21, 2019.

One June 14, 2019, members of the Board of Directors attended the Corporate Governance Seminar held at RCBC Plaza, Ayala Avenue, Makati City, conducted by Risks, Opportunities, Assessment and Management (ROAM), Inc. The corresponding Certificates of Completion/Attendance was submitted to SEC on June 18, 2019.

On November 19, 2020, members of the Board of Directors attended the Corporate Governance Webinar “2019 Revised Corporation Code of the Philippines” held via zoom and conducted by Center for Global Best Practices Foundation. The corresponding Certificates of Attendance was submitted to SEC on December 17, 2020.

On August 10, 2021, members of the Board of Directors attended the Corporate Governance Webinar, conducted by Risks, Opportunities, Assessment and Management (ROAM), Inc., via Zoom. The corresponding Certificates of Attendance was submitted to SEC on August 23, 2021.

On October 21, 2022, members of the Board of Directors attended the Corporate Governance Webinar conducted by Risks, Opportunities, Assessment and Management *ROAM), Inc. via Zoom. Also on December 20, 2022, other Board members attended the Corporate Governance Webinar conducted by Philippine Chamber of Commerce and Industry (PCCI) via Zoom. The corresponding Certificate of Attendance was submitted to SEC on November 16, 2022 and January 2, 2023, respectively.

On September 21, 2023, members of the Board of Directors attended the corporate governance webinar called "Corporate Governance: The Foundation to Sustainable Success", conducted by P&A Grant Thornton via MS Teams. On November 17, 2023, some members of the Board attended "Strategic Thinking for Board Directors and Leaders" conducted by Center for Global Best Practices (CGBP) viz Zoom.

Evaluation System

The Company continues to adhere to the principles and policies of its Manual with the view to continually improve the company's corporate governance. It has adopted as a guideline the SEC's Corporate Governance Self-Rating Form (CG-SRF) in order to determine the Company's compliance with the leading practices on Corporate Governance.

Plan to Improve

The Company continues to take efforts to be abreast with development and trends on Corporate Governance as the same may emerge.

BOARD OF DIRECTORS AND MANAGEMENT

DIRECTORS

Johnson Tan Gui Yee
Chairman

Mark Ryan K. Cokeng
President

Charlie K. Chua

Francis L. Chua

Johnson U. Co

Johnny O. Cobankiat

Katrina Marie K. Cokeng

Mary K. Cokeng

Peter L. Kawsek, Jr.

Rufino B. Tiangco

MANAGEMENT

JOHNSON TAN GUI YEE
Chairman of the Board

MARK RYAN K. COKENG
President

PONCIANO K. MATHAY
Senior Vice-President,
Compliance Officer and
Asst. Corporate Secretary

JOHNSON U. CO
Vice-President for Administration

MARY K. COKENG
Treasurer

ATTY. FINA BERNADETTE D.C. TANTUICO
Corporate Secretary

ATTY. ANNE JAYCELLE C. SACRAMENTO
Acting Corporate Secretary

DIRECTORS AND EXECUTIVE OFFICERS OF THE ISSUER

DIRECTORS AND EXECUTIVE OFFICERS

The following are the directors and executive officers of the Registrant, with the past and present positions held by them in the Registrant's subsidiaries and other companies for the past five (5) years:

JOHNSON TAN GUI YEE, 77 years old, Filipino citizen.
Chairman of the Board

Elected on 18 January 2023 to a one-year term.

Chairman, Armak Tape Corporation; *President & Chief Executive Officer*, Armak Holdings and Development, Inc.; *President*, Yarnton Traders Corporation; *Director*, Magellan Capital Holdings Corporation.

B.S. Chemical Engineering and B.S. Mathematics

MARK RYAN K. COKENG, 38 years old, Filipino citizen.
President

Elected on 18 January 2023 to a one-year term.

President, F&J Prince Holdings Corporation, Magellan Capital Holdings Corporation and Magellan Capital Corporation; *Vice Chairman*, IPADS Developers, Inc., All Suites, Inc., and All IPADS, Inc.; *Vice Chairman and Regular Member of the Executive Committee*, Pointwest Technologies Corporation and Pointwest Innovations Corporation; *Director and Treasurer,* Business Process Outsourcing International, Inc.

Bachelor of Arts in Economics and Statistics, Boston University.

JOHNSON U. CO, 72 years old, Filipino citizen.
Vice-President for Administration and Director

Re-elected on 07 September 2023 to a one-year term. Director since 1996.

President, Pinamucan Industrial Estates, Inc., Sunflare Horizon International, Inc.; *Vice-President for Administration and Director*, Magellan Capital Holdings Corporation; *Treasurer*, Magellan Utilities Development Corporation and Malabrigo Corporation; *Director*, Pinamucan Power Corporation; *Vice Chairman*, Consolidated Tobacco Industries of the Philippines, Inc.

B.S. Mechanical Engineering, University of Sto. Tomas.

MARY K. COKENG, 71 years old, Filipino citizen.
Treasurer and Director

Elected on 18 January 2023 to a one-year term as Treasurer. Director since 2008.

Director, Essential Holdings, Limited, *Director*, Magellan Capital Holdings Corporation.

Bachelor of Arts, Management, University of Sto. Thomas

KATRINA MARIE K. COKENG, 44 years old, Filipino citizen.
Assistant Treasurer and Director

Elected on 18 January 2023 to a one-year term as Assistant Treasurer. Director since 28 September 2021.

Co-Founder and Chief Executive Officer, XEN Technologies PTE. LTD., Singapore; *Director and Assistant Treasurer*, F&J Prince Holdings Corporation; *Director and Alternate Member of the Executive Committee*, Pointwest Technologies Corporation.

MIT Sloan Executive Education: Blockchain Technologies; Master in Business Administration, Harvard Business School; Bachelor of Arts (Economics and Psychology), Summa Cum Laude, Smith College.

CHARLIE K. CHUA, 60 years old, Filipino citizen.
Independent Director

Re-elected on 07 September 2023 to a one-year term.

Vice President, Highland Tractor Parts, Inc.

B.S. Mechanical Engineering, University of the Philippines; Master of Science, Mechanical Engineering, University of California, Berkley.

JOHNNY O. COBANKIAT, 71 years old, Filipino citizen.
Director

Re-elected on 07 September 2023 to a one-year term. Director since 2008.

President, Ace Hardware Phils., Cobankiat Hardware, Inc. and Milwaukee Builders Center, Inc.; *Executive Vice President*, Hardware Workshop; *Vice Chairman*, R. Nubla Securities.

B.S. Accounting, De La Salle University.

FRANCIS LEE CHUA, 72 years old, Filipino citizen.
Director

Re-elected on 07 September 2023 to a one-year term. Director since 2001.

General Manager, Sunny Multi Products and Land Management Inc., Midori Carpet; *Corporate Secretary*, Sunflare Horizon International, Inc.

B.S. Management, Ateneo University.

PETER L. KAWSEK, JR., 65 years old, Filipino citizen
Independent Director

Re-elected on 07 September 2023 to a one-year term.

President, Apo International Marketing Corporation; Bekter Ventures Inc.; *Vice President*, Kawsek Inc.

Bachelor of Science in Business, De La Salle University.

RUFINO B. TIANGCO, 74 years old, Filipino citizen.
Director

Re-elected on 07 September 2023 to a one-year term. Director since 1997.

Chairman of the Board, R.A.V. Fishing Corporation, Marala Vitas Central Terminal & Shipyard Corp.; *President*, Vructi Holdings Corporation; Trufsons Holdings Corporation, Ruvict Holdings Corporation; *Director*, Magellan Capital Holdings Corporation and Magellan Utilities Development Corporation.

B.S. Mechanical Engineering, University of Sto. Thomas.

PONCIANO K. MATHAY, 64 years old, Filipino citizen
Senior Vice President, Compliance Officer and Asst. Corporate Secretary

Re-appointed by the Board on 07 September 2023.

President, MHM Energy Corp., *Consultant*, Pointwest Technologies Corp., *Formerly Vice President*, Alcorn Gold Resources.

AB Psychology, University of Washington, MS Business Management, A.D. Little (Hult) Cambridge, Massachusetts.

FINA BERNADETTE D.C. TANTUICO, 62 years old, Filipino citizen.
Corporate Secretary

Re-appointed on 07 September 2023 to a one-year term.

Legal Counsel and Corporate Secretary, F & J Prince Holdings Corporation and its subsidiaries and affiliates (2002 up to the present); Magellan Capital Holdings Corporation and its subsidiaries, Magellan Utilities Development Corporation, Pointwest Technologies Corporation, Pointwest Innovations Corporation, Pinamucan Industrial Estates Inc; Republic Telecommunications Company (Retelcom), U.P. Law Alumni Foundation Inc. (UPLAF), *Former Assistant Vice-President and Corporate Secretary,* United Overseas Bank Philippines (2000-2001). *Former President* of the Philippine Bar Association and the UP Women Lawyers' Circle (UP WILOCI). *Professorial Lecturer*, University of the Philippines College of Law; *member*, Inter-Country Placement Committee of the National Authority for Child Care (Inter-Country Adoption Board).

Law Degree, University of the Philippines.

ANNE JAYCELLE C. SACRAMENTO, 36 years old, Filipino citizen
Acting Corporate Secretary

Appointed on 12 April 2024 and to serve until the next election of officers.

Legal Consultant and Acting Corporate Secretary, F&J Prince Holdings Corporation and its subsidiaries and affiliates; *Managing Partner,* Sacramento Himala and Virtucio Law Offices ("**PSHV Law**").

B.S. Business Administration, University of the Philippines, *Cum Laude*
Juris Doctor, University of the Philippines

Term of Office. The directors of the Registrant were elected during the annual stockholders' meeting held on 07 September 2023. The directors have a one (1) year term of office.

The Independent Directors. The independent directors of the Registrant are Peter Kawsek, Jr. and Charlie K. Chua.

(2) <u>SIGNIFICANT EMPLOYEES</u>

There are no other persons other than the Registrant's executive officers who are expected to make a significant contribution to its business.

(3) <u>FAMILY RELATIONSHIPS</u>

Mark Ryan K. Cokeng is the son of (+) Robert Y. Cokeng and Mary K. Cokeng. Johnson U. Co is the cousin of (+) Robert Y. Cokeng. Katrina Marie K. Cokeng is the daughter of (+) Robert Y. Cokeng and Mary K. Cokeng.

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **F& J Prince Holdings Corporation and its subsidiaries** is responsible for the preparation and fair presentation of the financial statements including the statements attached therein, for the years ended December 31, 2023 and 2022, in accordance with the prescribed financial reporting framework indicated therein and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

Reyes Tacandong and Company, the independent auditors appointed by the stockholders, has audited the financial statements of the company in accordance with Philippine Standards on Auditing, and in its report to the stockholders or members, has expressed its opinion on the fairness of presentation upon completion of such audit.

Signed under oath by the following:

Mark Ryan Cokeng
President/ CEO

Mary K. Cokeng
Treasurer/Chief Financial Officer

SUBSCRIBED AND SWORN to before me this APR 12 2024 day of ________, 2024, affiants exhibiting to me their Driver's License/ National IDs, as follows:

Names	Competent Evidence of Identity	Date Issued	Place of Issue
Mark Ryan Cokeng	X01-09-003590	23 January 2024	Quezon City
Mary K. Cokeng	2632-8401-5647-6912	10 October 2022	NCR

NOTARY PUBLIC

ATTY. JOEL FERRER FLORES
Notary Public for Makati City
Until December 31, 2024
Appointment No. M-115(2023-2024)
Roll Of Attorney No. 77376
MCLE Compliance VII No.0001393
Jan. 3, 2023 until Apr. 12, 2028
PTR NO.10073945/Jan. 2, 2024/Makati City
IBP No.330740/Jan. 2, 2024/Pasig City
1107 Bataan St., Guadalupe Nuevo,Makati City

Doc.No. 62;
Page No. 14;
Book No. 13;
Series of 2024

SECRETARY'S CERTIFICATE

I, **ANNE JAYCELLE C. SACRAMENTO**, of legal age, Filipino, being the duly appointed and qualified Acting Corporate Secretary of **F&J PRINCE HOLDINGS CORPORATION (the "Corporation")**, a corporation duly organized and existing under the laws of the Republic of the Philippines, with principal office at the 5th Floor, BDO Towers Paseo (formerly Citibank Center), 8741 Paseo de Roxas, Makati City, do hereby certify that at the Regular Board Meeting of the Corporation held on April 12, 2024, the following resolutions were unanimously approved:

> "**RESOLVED**, that the Corporation authorizes the issuance and filing of the Consolidated Financial Statements and for this purpose, the President/CEO, Mark Ryan K. Cokeng, is hereby appointed and designated to sign the Annual Report pursuant to Section 17 of the Securities and Regulation Code of Management Responsibility in lieu of the Chairman of the Board, Johnson Tan Gui Yee."

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my signature as Corporate Secretary this _____ day of APR 15 2024, 2024.

(Atty.) Anne Jaycelle C. Sacramento
Acting Corporate Secretary

SUBSCRIBED AND SWORN to before me in the City of MAKATI CITY this APR 15 2024 day of _________, 2024, by the affiant who executed to me her Integrated Bar of the Philippines (IBP) ID No. 63548 issued with Roll of Attorney No. 63548 issued by the IBP.

NOTARY PUBLIC

ATTY. JOEL FERRER FLORES
Notary Public for Makati City
Until December 31, ...
Appointment No. ...
Roll ...
MCLE Com...
Jan. 3, ...
PTR NO. ...
IBP No. ... Makati City
1107 Bataan St., Guadalupe Nuevo, Makati City

Doc No. 77;
Page No. 16;
Book No. 15;
Series of 2024.

My Docs>FJP>2024 Files>Sec Cert>

Exhibit 2

Audited Consolidated Financial Statements as of

December 31, 2023 and December 31, 2022

COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

0 0 0 0 0 0 4 3 3 7 0

COMPANY NAME

F & J PRINCE HOLDINGS CORPORATION AND SUBSIDIARIES

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

5TH FLOOR, BDO TOWERS PASEO 8741 PASEO DE ROXAS, MAKATI CITY

Form Type	Department Requiring the Report	Secondary License Type, If Applicable
AACFS	CRMD	N/A

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
fjp@fjprince.com	8892-7133 / 8892-7137	0960-452-3903

No. of Stockholders	Annual Meeting (Month / Day)	Calendar Year (Month / Day)
480	04/12	12/31

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
Atty. Fina Bernadette D.C. Tantuico	fct.law@gmail.com	8633-2107	0917-892-0786

CONTACT PERSON'S ADDRESS

5th Floor BDO Towers Paseo, 8741 Paseo de Roxas, 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.*

***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 shall not excuse the corporation from liability for its deficiencies.*

BOA/PRC Accreditation No. 4782
August 16, 2021, valid until April 13, 2024
SEC Registration No. PP201007009

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8741 Paseo de Roxas
Makati City 1226 Philippines
Phone : +632 8 982 9100
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INDEPENDENT AUDITORS' REPORT

The Stockholders and the Board of Directors
F & J Prince Holdings Corporation and Subsidiaries
5th Floor, BDO Towers Paseo
8741 Paseo de Roxas, Makati City

Opinion

We have audited the accompanying consolidated financial statements of F & J Prince Holdings Corporation and Subsidiaries (the Group), which comprise the consolidated statement of financial position as at December 31, 2023, and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to consolidated financial statements, including a summary of material accounting policy information.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Philippine Financial Reporting Standards (PFRS).

Basis for Opinion

We conducted our audit in accordance with Philippine Standards on Auditing (PSA). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. 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 the 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matter is the matter that, in our professional judgment, was of most significance in our audit of the consolidated financial statements as at and for the year ended December 31, 2023. This matter was 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 this matter.

<u>Classification and Valuation of Investment Securities</u>
The Group has investment securities aggregating ₱745.9 million as at December 31, 2023 which comprises 40% of the total consolidated assets. Moreover, management exercises judgment in classifying the financial instruments and the consolidated financial statements is highly sensitive to the fair value changes of the underlying financial instruments.

We have assessed the propriety of the recognition, classification and measurement, as well as management's assessment of impairment of these investment securities. Our audit procedures included, among others, (a) understanding of the financial asset management and recording process; (b) verifying the existence of these investment securities by obtaining confirmations from custodians and examination of the underlying documents; (c) evaluating the propriety of the classification of the investment securities; and (d) testing the reasonableness of recognized interest income and the changes in fair values of financial assets.

Accounting for Investment in Associates

The Group owns 35% and 30% of the Business Process International Inc. (BPO) and Pointwest Technologies Corporation (PTC), respectively, as at December 31, 2023. These investments in associates are accounted for under the equity method. As at December 31, 2023, the investments in associates amounted to ₱302.2 million and the Group's equity in net earnings and share in other comprehensive income of associates for the year then ended amounted to ₱49.1 million. The accounting for these investments is significant to our audit because of the substantial amount of the Group's investments in associates and its share in net income and other comprehensive losses of the associates. Moreover, the audit of these associates is being handled by another auditor.

We have assessed the propriety of the recognition, classification and measurement of the investments and tested the reasonableness of the transactions of the associates during the year.

Other Matter

The consolidated financial statements of the Group as at and for the years ended December 31, 2022 and 2021 were audited by another auditor whose report thereon dated April 26, 2023 expressed an unmodified opinion.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Securities and Exchange Commission (SEC) Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2023, but does not include the financial statements and our auditors' report thereon. The SEC Form 20-IS, SEC Form 17-A and Annual Report for the year ended December 31, 2023 are expected to be made available to us after the date of this auditors' 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 audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is 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 these consolidated financial statements in accordance with PFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' 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 auditors' 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, these 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 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 evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 the auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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

- Obtain sufficient appropriate evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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 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 financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' 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 auditors' report is Belinda B. Fernando.

REYES TACANDONG & CO.

BELINDA B. FERNANDO
Partner
CPA Certificate No. 81207
Tax Identification No. 102-086-538-000
BOA Accreditation No. 4782; Valid until April 13, 2024
BIR Accreditation No. 08-005144-004-2022
Valid until October 16, 2025
PTR No. 9564560
Issued January 2, 2024, Makati City

April 12, 2024
Makati City, Metro Manila

F & J PRINCE HOLDINGS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2023

(With Comparative Figures for 2022)

	Note	2023	2022
ASSETS			
Current Assets			
Cash and cash equivalents	4	**₱429,988,652**	₱467,697,273
Investment securities	5	**342,093,269**	238,786,813
Receivables	6	**2,511,035**	4,122,624
Due from related parties	18	**260,408**	5,423,381
Other current assets	7	**35,465,269**	34,176,654
Total Current Assets		**810,318,633**	750,206,745
Noncurrent Assets			
Investment securities - noncurrent	5	**354,276,044**	462,343,736
Investment properties	11	**345,811,010**	359,082,447
Investments in associates	9	**302,233,819**	267,617,359
Investments in rights issue subscription	5	**43,933,450**	27,632,400
Convertible notes receivable	8	**5,612,000**	5,612,000
Property and equipment	10	**3,275,980**	4,642,090
Other noncurrent assets	12	**19,844,229**	2,857,086
Total Noncurrent Assets		**1,074,986,532**	1,129,787,118
		₱1,885,305,165	₱1,879,993,863
LIABILITIES AND EQUITY			
Current Liabilities			
Accounts and other payables	13	**₱12,130,731**	₱9,255,282
Dividends payable	25	**27,105,445**	6,964,039
Total Current Liabilities		**39,236,176**	16,219,321
Noncurrent Liabilities			
Retirement liability	15	**10,391,366**	17,796,176
Net deferred tax liabilities	16	**15,656,356**	22,943,545
Noncurrent portion of deposits payable	13	**580,000**	1,099,000
Total Noncurrent Liabilities		**26,627,722**	41,838,721
Total Liabilities		**65,863,898**	58,058,042
Equity			
Common stock	17	**481,827,653**	481,827,653
Additional paid-in capital		**144,759,977**	144,759,977
Treasury stock	17	**(102,094,826)**	(102,094,826)
Other equity reserves		**116,153,110**	91,630,899
Retained earnings		**1,112,967,423**	1,135,349,886
Equity Attributable to Equity Holders of the Parent Company		**1,753,613,337**	1,751,473,589
Noncontrolling Interests		**65,827,930**	70,462,232
Total Equity		**1,819,441,267**	1,821,935,821
		₱1,885,305,165	₱1,879,993,863

See accompanying Notes to Consolidated Financial Statements.

F & J PRINCE HOLDINGS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF INCOME

FOR THE YEAR ENDED DECEMBER 31, 2023
(With Comparative Figures for 2022 and 2021)

	Note	2023	2022	2021
INCOME				
Fair value gains on financial assets at fair value through profit or loss (FVPL)	5	**₱94,321,443**	₱13,742,456	₱31,613,662
Share in net income of associates	9	**45,346,405**	26,211,341	18,885,226
Rent	21	**22,122,711**	23,946,752	21,977,095
Interest income	4	**18,547,435**	14,588,814	18,008,342
Dividend income		**4,226,083**	5,670,253	4,774,903
Foreign exchange gains		**3,101,182**	74,517,075	30,837,119
Gain on disposal of:				
Property and equipment	10	**562,500**	–	–
Financial assets at FVPL	5	**–**	5,679,671	2,225,759
Other income		**285,658**	56,790	–
		188,513,417	164,413,152	128,322,106
OPERATING EXPENSES	14	**65,812,927**	65,016,932	37,760,127
OTHER CHARGES				
Fair value losses on financial assets at FVPL	5	**41,506,504**	46,765,288	14,898,906
Loss on disposal of:				
Financial assets at fair value through other comprehensive income	5	**23,888,151**	–	–
Financial assets at FVPL	5	**319,149**	2,286,877	–
Property and equipment	10	**–**	–	929
Legal claims	21	**–**	24,615,173	–
		65,713,804	73,667,338	14,899,835
INCOME BEFORE INCOME TAX		**56,986,686**	25,728,882	75,662,144
PROVISION FOR (BENEFIT FROM) INCOME TAX	16			
Current		**3,142,371**	1,947,554	314,231
Deferred		**(9,867,265)**	4,074,713	16,715,410
		(6,724,894)	6,022,267	17,029,641
NET INCOME		**63,711,580**	19,706,615	58,632,503
NET INCOME (LOSS) ATTRIBUTABLE TO:				
Equity holders of the Parent Company		**62,262,774**	20,333,318	56,875,013
Noncontrolling interests		**1,448,806**	(626,703)	1,757,490
		₱63,711,580	₱19,706,615	₱58,632,503
Basic/Diluted Earnings per Common Share	19	**₱0.16**	₱0.05	₱0.15

See accompanying Notes to Consolidated Financial Statements.

F & J PRINCE HOLDINGS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2023

(With Comparative Figures for 2022 and 2021)

	Note	2023	2022	2021
NET INCOME		**₱63,711,580**	₱19,706,615	₱58,632,503
OTHER COMPREHENSIVE INCOME (LOSS)				
Item that will be reclassified to profit or loss in subsequent periods:				
Net unrealized gains (losses) on fair value changes of financial assets at FVOCI, net of tax	5	**18,603,680**	(34,226,388)	(8,703,464)
Cumulative translation adjustment	9	**1,991,340**	17,608,355	11,479,324
Items that will not be reclassified to profit or loss in subsequent periods:				
Net unrealized gains (losses) on fair value changes of financial assets at FVOCI, net of tax	5	**(2,713,267)**	(3,376,855)	43,695,944
Share in other comprehensive income (losses)	9	**(3,733,637)**	2,474,577	1,759,284
Remeasurement gains (losses) on retirement liability, net of tax	15	**7,106,530**	(411,814)	1,758,376
		21,254,646	(17,932,125)	49,989,464
TOTAL COMPREHENSIVE INCOME		**₱84,966,226**	₱1,774,490	₱108,621,967
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Equity holders of the Parent Company		**₱86,784,985**	₱3,572,240	₱105,169,330
Noncontrolling interests		**(1,818,759)**	(1,797,750)	3,452,637
		₱84,966,226	₱1,774,490	₱108,621,967

See accompanying Notes to Consolidated Financial Statements.

F & J PRINCE HOLDINGS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2023

(With Comparative Figures for 2022 and 2021)

	Note	2023	2022	2021
CAPITAL STOCK	17	**₱481,827,653**	₱481,827,653	₱481,827,653
ADDITIONAL PAID-IN CAPITAL		**144,759,977**	144,759,977	144,749,977
TREASURY STOCK	17	**(102,094,826)**	(102,094,826)	(102,094,826)
OTHER EQUITY RESERVES				
Cumulative Unrealized Gains (Losses) on Fair Value Changes of Financial Asset at FVOCI				
Balance at beginning of year		**(16,798,687)**	19,655,689	(13,727,520)
Net unrealized gains (losses)	5	**19,511,938**	(36,454,376)	33,383,209
Balance at end of year		**2,713,251**	(16,798,687)	19,655,689
Cumulative Remeasurement Gains (Losses) on Retirement Liability				
Balance at beginning of year		**615,438**	1,005,072	(667,428)
Remeasurement gains (losses)	15	**6,752,570**	(389,634)	1,672,500
Balance at end of year		**7,368,008**	615,438	1,005,072
Share in Other Comprehensive Income of Associates				
Balance at beginning of year		**107,814,148**	87,731,216	74,492,608
Share in other comprehensive income (loss) of associates	9	**(1,742,297)**	20,082,932	13,238,608
Balance at end of year		**106,071,851**	107,814,148	87,731,216
		116,153,110	91,630,899	108,391,977
RETAINED EARNINGS				
Balance at beginning of year		**1,135,349,885**	1,172,570,596	1,154,064,935
Net income		**62,262,774**	20,333,318	56,875,013
Dividends declared	17	**(84,645,236)**	(57,554,028)	(38,369,352)
Balance at end of year		**1,112,967,423**	1,135,349,886	1,172,570,596
TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF PARENT COMPANY		**₱1,753,613,337**	₱1,751,473,589	₱1,805,445,397
NONCONTROLLING INTERESTS				
Balance at beginning of year		**₱70,462,232**	₱73,909,285	₱71,006,416
Net income (loss)		**1,448,806**	(626,703)	1,757,490
Net unrealized valuation on fair value changes of financial assets at FVOCI		**(3,621,525)**	(1,148,867)	1,609,271
Remeasurement gains on retirement liability		**353,960**	(22,180)	85,876
Dividends declared by the subsidiary		**(2,815,543)**	(1,649,303)	(549,768)
		₱65,827,930	70,462,232	73,909,285
		₱1,819,441,267	₱1,821,935,821	₱1,879,354,682

See accompanying Notes to Consolidated Financial Statements.

F & J PRINCE HOLDINGS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2023
(With Comparative Figures for 2022 and 2021)

	Note	2023	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before income tax		**₱56,986,686**	₱25,728,882	₱75,662,144
Adjustments for:				
Fair value losses (gains) on financial assets at FVPL	5	**(52,814,939)**	33,022,832	(16,714,756)
Share in net income of associates	9	**(45,346,405)**	(26,211,341)	(18,885,226)
Losses (gains) on disposal of:				
Financial assets at FVOCI	5	**23,888,151**	2,286,877	(2,133,926)
Financial assets at FVPL	5	**319,149**	(5,679,671)	(91,833)
Property and equipment	10	**(562,500)**	–	929
Dividend income		**(4,226,083)**	(5,670,253)	(4,774,903)
Interest income	4	**(18,547,435)**	(14,588,814)	(18,008,342)
Depreciation and amortization	10	**17,804,385**	17,472,709	10,082,793
Net foreign exchange losses (gains)		**16,238,246**	(56,973,100)	(30,495,597)
Retirement benefits	15	**2,070,563**	1,505,974	1,540,460
Write-off of receivable		**–**	86,873	74,141
Operating loss before working capital changes		**(4,190,182)**	(29,019,032)	(3,744,116)
Decrease (increase) in:				
Receivables		**119,655**	609,481	3,681,880
Financial assets at FVPL	5	**(50,810,666)**	(35,047,845)	(52,627,277)
Other current assets		**(878,027)**	1,811,731	1,986,064
Increase (decrease) in:				
Trade and other payables		**(522,002)**	918,939	437,848
Deposits payable		**2,878,451**	(988,813)	338,050
Net cash used for operations		**(53,402,771)**	(61,715,539)	(49,927,551)
Interest received		**20,715,386**	12,833,366	12,715,572
Provision for legal obligation		**–**	(5,000,000)	–
Dividends received		**13,423,346**	5,670,253	66,007,500
Income taxes paid		**(3,552,959)**	(2,517,368)	(1,972,691)
Net cash flows provided by (used in) operating activities		**(22,816,998)**	(50,729,288)	26,822,830
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from disposal of:				
Financial assets at FVOCI		**169,927,430**	23,849,839	42,431,067
Property and equipment	10	**562,500**	–	–
Additions to:				
Financial assets at FVOCI	5	**(86,170,689)**	(57,719,216)	(54,165,341)
Investments in rights issue subscription	5	**(16,301,050)**	(1,133,400)	(7,284,600)
Investment properties	11	**(3,002,197)**	(1,433,127)	–
Property and equipment	10	**(164,641)**	(1,317,938)	(3,526)
Decrease (increase) in:				
Other noncurrent assets		**(16,987,143)**	26,259,048	(20,000)
Due from related parties		**5,423,381**	11,827,565	4,698,070
Dividends received from an associate	9	**8,987,648**	32,494,215	–
Convertible notes receivable		**–**	(5,659,800)	(9,673,600)
Net cash flows provided by (used in) investing activities		**62,275,239**	27,167,186	(24,017,930)

(Forward)

	Note	2023	2022	2021
CASH FLOWS FROM FINANCING ACTIVITIES				
Decrease in due to related parties		**(₱260,408)**	₱–	₱–
Dividends paid	25	**(64,503,831)**	(57,012,397)	(38,774,239)
Dividends to noncontrolling interests		**(2,815,543)**	(1,649,303)	(1,502,699)
Cash flows used in financing activities		**(67,579,782)**	(58,661,700)	(40,276,938)
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		**(9,587,080)**	43,406,424	20,798,087
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(37,708,621)**	(38,817,378)	(16,673,951)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**467,697,273**	506,514,651	523,188,602
CASH AND CASH EQUIVALENTS AT END OF YEAR	4	**₱429,988,652**	₱467,697,273	₱506,514,651

See accompanying Notes to Consolidated Financial Statements.

F & J PRINCE HOLDINGS CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2023
(With Comparative Information for 2022 and 2021)

1. General Information

Corporate Information

F & J Prince Holdings Corporation (the "Parent") was incorporated in the Philippines and registered with the Securities and Exchange Commission (SEC) on February 18, 1971. Its primary purpose is to purchase, subscribe for or otherwise acquire and own, hold, use, sell, assign, transfer, mortgage, pledge, exchange, or otherwise dispose of real and personal property of every kind and description, including, but not limited to, land, building, condominium units, shares of stock, bonds, debentures, notes, evidence of indebtedness, and other securities, contracts or obligations of any corporation, and associations, domestic or foreign.

The Parent Company is a public company under Section 17.2 of the Revised Securities Regulation Code and its shares of stock are listed in and traded through the Philippine Stock Exchange, Inc. (PSE).

The registered office address of the Parent Company is at 5th Floor, BDO Towers Paseo, 8741 Paseo de Roxas, Makati City.

The subsidiaries as at December 31, 2023, 2022 and 2021 are as follows:

	Percentage of Ownership
Magellan Capital Holdings Corporation (MCHC)*	95%
Pinamucan Industrial Estates, Inc. (PIEI)	95%
Malabrigo Corporation (MC)	95%
Magellan Capital Realty Development Corporation (MCRDC)**	95%
Magellan Capital Trading Corporation (MCTC)**	95%

**Intermediate parent company*

***Non-operational since incorporation*

The Parent Company and its subsidiaries are collectively referred herein as "the Group." All the subsidiaries are incorporated in the Philippines.

MCHC

MCHC is a holding company involved in investing real and personal properties of every kind, including, but not limited to, land, buildings, condominium units, shares of stock, bonds, and other securities of any corporation or association, domestic or foreign. MCHC was registered with the SEC on November 6, 1990. MCHC has investments in subsidiaries, mainly PIEI, MC, MCRDC and MCTC.

PIEI

PIEI was organized primarily as a real estate developer and was registered with the SEC on May 5, 1993.

MC

MC was organized primarily to purchase, operate, maintain and sell coal mines and their products and by-products. MC was registered with the SEC on August 31, 1993.

MCRDC
MCRDC was organized to purchase, subscribe for, or otherwise acquire and own, hold, use, sell, assign, transfer, mortgage, pledge, exchange or otherwise dispose of shares of stock, bonds, debentures, notes, evidence of indebtedness and other securities, contracts and obligations of any corporation or corporations, domestic or foreign. MCRDC was registered with the SEC on November 14, 1990 and has been non-operational since incorporation.

MCTC
MCTC was organized to conduct and carry on the business of buying, selling, distributing and marketing at wholesale and retail all kinds of goods, commodities, wares and merchandise. MCTC was registered with the SEC on January 7, 1991 and has been non-operational since incorporation.

Approval of the Consolidated Financial Statements
The consolidated financial statements as at and for the year ended December 31, 2023 (with comparative figures for 2022 and 2021) were approved and authorized for issuance by the Audit Committee and Board of Directors (BOD) on April 12, 2024 as recommended for approval by the Audit Committee on April 5, 2024.

2. Summary of Material Accounting Policy Information

Basis of Preparation and Statement of Compliance
The consolidated financial statements of the Group have been prepared in compliance with Philippine Financial Reporting Standards (PFRS) issued by the Philippine Financial and Sustainability Reporting Standards Council and adopted by the SEC, including SEC pronouncements. This financial reporting framework includes PFRS, Philippine Accounting Standards (PAS), and Philippine Interpretations from International Financial Reporting Interpretations Committee (IFRIC).

Measurement Bases
The consolidated financial statements are presented in Philippine Peso (Peso), the Group's functional and presentation currency. All amounts are stated in absolute values, unless otherwise indicated.

The consolidated financial statements of the Group have been prepared on a historical cost basis, except for:

- financial assets at FVPL;
- financial assets at FVOCI; and
- retirement liability which is measured based on the present value of defined benefit obligation

Historical cost is generally based on the fair value of the consideration given in exchange of assets and fair value of the consideration received in exchange for incurring a liability.

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 Group uses market observable data to a possible extent when measuring the fair value of an asset or a liability. Fair values are categorized into different levels in a fair value hierarchy based on inputs used in the valuation techniques as follows:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

If the inputs used to measure the fair value of an asset or a liability might be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes:

- Note 5, *Financial Assets at FVPL*
- Note 8, *Financial Assets at FVOCI*
- Note 25, *Fair Value of Financial Instruments*

Adoption of Amendments to PFRS

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the following relevant amendments to PFRS effective January 1, 2023.

- Amendments to PAS 1, *Presentation of Financial Statements,* and PFRS Practice Statement 2, *Making Materiality Judgments - Disclosure Initiative - Accounting Policies* – The amendments require an entity to disclose its material accounting policies, instead of its significant accounting policies and provide guidance on how an entity applies the concept of materiality in making decisions about accounting policy disclosures. In assessing the materiality of accounting policy information, entities need to consider both the size of the transactions, other events or conditions and its nature. The amendments clarify (1) that accounting policy information may be material because of its nature, even if the related amounts are immaterial, (2) that accounting policy information is material if users of an entity's financial statements would need it to understand other material information in the financial statements, and (3) if an entity discloses immaterial accounting policy information, such information should not obscure material accounting policy information. In addition, PFRS Practice Statement 2 is amended by adding guidance and examples to explain and demonstrate the application of the 'four-step materiality process' to accounting policy information.

- Amendments to PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates* – The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies, and the correction of errors. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". An entity develops an accounting estimate if an accounting policy requires an item in the financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not a correction of an error, and that the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors. A change in an accounting estimate may affect only the profit or loss in the current period, or the profit or loss of both the current and future periods.

- Amendments to PAS 1, *Classification of Liabilities as Current or Noncurrent* – The amendments clarify the requirements for an entity to have the right to defer settlement of the liability for at least 12 months after the reporting period. The amendments also specify and clarify the following: (i) an entity's right to defer settlement must exist at the end of the reporting period, (ii) the classification is unaffected by management's intentions or expectations about whether the entity will exercise its right to defer settlement, (iii) how lending conditions affect classification, and (iv) requirements for classifying liabilities where an entity will or may settle by issuing its own equity instruments.

Under prevailing circumstances, the adoption of the foregoing new and amendments to PFRS is not expected to have any material effect on the consolidated financial statements of the Group. Additional disclosures will be included in the notes to consolidated financial statements, as applicable.

Amendments to PFRS in Issue But Not Yet Effective

Relevant amendments to PFRS, which are not yet effective as at December 31, 2023 and have not been applied in preparing the consolidated financial statements, are summarized below.

Effective for annual periods beginning on or after January 1, 2024:

- Amendments to PAS 1, *Noncurrent Liabilities with Covenants* – The amendments clarified that covenants to be complied with after the reporting date do not affect the classification of debt as current or noncurrent at the reporting date. Instead, the amendments require the entity to disclose information about these covenants in the notes to the financial statements. The amendments must be applied retrospectively. Earlier application is permitted. If applied in earlier period, the Group shall also apply Amendments to PAS 1 - *Classification of Liabilities as Current or Noncurrent* for that period.

Effective for annual periods beginning on or after January 1, 2025:

- Amendments to PAS 21, *The Effects of Changes in Foreign Exchange Rates - Lack of Exchangeability* – The amendments clarify when a currency is considered exchangeable into another currency and how an entity determines the exchange rate for currencies that lack exchangeability. The amendments also introduce new disclosure requirements to help users of financial statements assess the impact when a currency is not exchangeable. An entity does not apply the amendments retrospectively. Instead, an entity recognizes any effect of initially applying the amendments as an adjustment to the opening balance of retained earnings when the entity reports foreign currency transactions. When an entity uses a presentation currency other than its functional currency, it recognizes the cumulative amount of translation differences in equity. Earlier application is permitted.

Deferred effectivity -

- Amendments to PFRS 10, *Consolidated Financial Statements*, and PAS 28 - *Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture* – The amendments address a conflicting provision under the two standards. It clarifies that a gain or loss shall be recognized fully when the transaction involves a business, and partially if it involves assets that do not constitute a business. The effective date of the amendments, initially set for annual periods beginning on or after January 1, 2016, was deferred indefinitely in December 2015 but earlier application is still permitted.

Under prevailing circumstances, the adoption of the foregoing amendments to PFRS is not expected to have any material effect on the consolidated financial statements of the Group. Additional disclosures will be included in the consolidated financial statements, as applicable.

<u>Current versus Noncurrent Classification</u>
The Group presents assets and liabilities in the consolidated statement of financial position based on current or noncurrent classification. An asset is classified as current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within 12 months after the reporting period; or,
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

All other assets are classified as noncurrent.

A liability is classified as current when it is:

- Expected to be settled in its normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be settled within 12 months after the reporting period; or,
- There is no unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classifications.

The Group classifies all other liabilities as noncurrent.

Deferred tax assets and liabilities are classified as noncurrent assets and liabilities, respectively.

<u>Basis of Consolidation</u>
The consolidated financial statements include the accounts of the Parent Company, its subsidiaries.

Subsidiaries. Subsidiaries are entities controlled by the Parent Company. Control is achieved when the Parent Company is exposed, or has right, to variable returns from its investment with the investee and it has the ability to affect those returns through its powers over the investee.

When the Parent Company has less than a majority of the voting or similar rights of an investee, the Parent Company 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; and
- The Parent Company'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. Consolidation of a subsidiary begins when the Parent Company obtains control over the subsidiary and ceases when the Parent Company loses control of the subsidiary. Assets, liabilities, income, and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Parent Company gains control until the date the Parent Company ceases to control the subsidiary.

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

The financial statements of the subsidiaries are prepared for the same reporting period as the Parent Company, using consistent accounting policies. All intra-group balances, transactions, unrealized gains and losses resulting from intra-group transactions and dividends are eliminated in full.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

NCI represents the portion of net results and net assets not held by the Parent Company. These are presented in the consolidated statement of financial position within equity, apart from equity attributable to equity holders of the Parent Company and are separately disclosed in the consolidated statement of income and consolidated statement of comprehensive income. NCI represent the equity interest not held by the Parent Company.

If the Parent Company loses control over a subsidiary, it derecognizes the assets including goodwill, liabilities and NCI in the subsidiary. The Parent Company recognizes the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in the consolidated statement of comprehensive income.

Business Combination. Business combinations are accounted for using the acquisition method except for business combinations under common control in which an accounting similar to pooling of interest method is used.

Under the acquisition method, the cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any NCI in the acquiree. For each business combination, the acquirer measures the NCI in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of PFRS 9, *Financial Instruments,* is measured at fair value with the changes in fair value recognized in profit or loss in accordance with PFRS 9. Other contingent consideration that is not within the scope of PFRS 9 is measured at fair value at each reporting date with changes in fair value recognized in profit or loss.

Goodwill. Goodwill acquired in a business combination is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognized for NCI and any previous interest held over the net identifiable assets acquired and liabilities assumed).

If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash generating units (CGUs), or group of cash generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units or group of units.

Where goodwill forms part of a CGU and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the CGU retained.

Impairment of Goodwill. Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

Impairment is determined by assessing the recoverable amount of the CGU or group of CGUs, to which the goodwill relates. When the recoverable amount of the CGU or group of CGUs is less than the carrying amount, an impairment loss is recognized. Impairment loss with respect to goodwill cannot be reversed in future periods.

Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Date of Recognition. The Group recognizes a financial asset or a financial liability in the consolidated statement of financial position when it becomes a party to the contractual provisions of a financial instrument. In the case of a regular way purchase or sale of financial assets, recognition and derecognition, as applicable is done using settlement date accounting.

Initial Recognition. Financial instruments are recognized initially at fair value, which is the fair value of the consideration given (in case of an asset) or received (in case of a liability). The initial measurement of financial instruments, except for those designated at FVPL, includes transaction cost.

"Day 1" Difference. Where the transaction in a non-active market is different from the fair value of other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Group recognizes the difference between the transaction price and fair value (a "Day 1" difference) in profit or loss. In cases where there is no observable data on inception, the Group deems the transactions price as the best estimate of fair value and recognizes "Day 1" difference in profit or loss when the inputs become observable or when the instrument is derecognized. For each transaction, the Group determines the appropriate method of recognizing the "Day 1" difference.

Classification of Financial Instruments. The Group classifies its financial assets at initial recognition under the following categories: (a) financial assets at FVPL, (b) financial assets at amortized cost and, (c) financial assets at FVOCI. The classification of a financial asset largely depends on its contractual cash flow characteristics and the Group's business model for managing them.

The Group reclassifies its financial assets when, and only when, it changes its business model for managing those financial assets. The reclassification is applied prospectively from the first day of the first reporting period following the change in the business model (reclassification date).

Equity securities that have been designated to be measured at FVOCI may not be reclassified to a different category.

Financial liabilities, on the other hand, are classified as either financial liabilities at FVPL or financial liabilities at amortized cost.

As at December 31, 2023 (and 2022), the Company does not have financial liabilities at FVPL.

Financial Assets at FVPL. Financial assets that do not meet the criteria for being measured at amortized cost or FVOCI are classified under this category. Specifically, financial assets at FVPL include financial assets that are (a) held for trading, (b) designated upon initial recognition at FVPL, or (c) mandatorily required to be measured at fair value.

Financial assets are classified as held for trading if these are acquired for the purpose of selling or repurchasing in the near term. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at FVPL, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at FVOCI, debt instruments may be designated at FVPL on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at FVPL are measured at fair value at each reporting date, with any fair value gains or losses recognized in profit or loss to the extent these are not part of a designated hedging relationship.

Classified under this category are the Group's investments in listed equity securities presented under "Financial assets at FVPL" account.

Financial Assets at Amortized Cost. A financial asset shall be measured at amortized cost if both of the following conditions are met:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured at amortized cost using the effective interest method, less allowance for impairment, if any. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate. Gains and losses are recognized in profit or loss when the financial assets are derecognized and through amortization process.

Classified under this category are the Group's cash and cash equivalents, receivables, due from related parties and convertible notes receivables.

Financial Assets at FVOCI - Debt Instruments. The Group measures debt instruments at FVOCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt instruments at FVOCI measured at FVOCI, interest income, foreign exchange translation and impairment losses or reversals are recognized in the consolidated statement of income and computed in the same manner as for financial assets measured at amortized cost. The remaining fair value changes are recognized in other comprehensive income. Upon derecognition, the cumulative fair value change recognized in other comprehensive income is recycled to profit or loss.

Classified under this category are the Group's investments in debt securities such as quoted bonds presented under "Financial assets at fair value through other comprehensive income (FVOCI)" account.

Financial Assets at FVOCI - Equity Instruments. On initial recognition, equity securities which are not held for trading may be irrevocably designated as a financial asset to be measured at FVOCI.

Financial assets at FVOCI are initially measured at fair value plus transaction costs. After initial recognition, financial assets at FVOCI are measured at fair value with unrealized valuation gains or losses recognized in other comprehensive income and are accumulated under "Other equity reserves" account in the equity section of the consolidated statement of financial position. These fair value changes are not reclassified to profit or loss in subsequent periods. On disposal of these equity securities, any cumulative unrealized valuation gains or losses will be reclassified to retained earnings.

Dividends from equity instruments held at FVOCI are recognized in profit or loss when the right to receive payment is established unless the dividend clearly represents a recovery of part of the cost of the investment. Foreign currency gains or losses and unrealized gains or losses from equity instruments are recognized in other comprehensive income and presented in the equity section of the statement of financial position. These fair value changes are recognized in equity and are not reclassified to profit or loss in subsequent years. When the financial asset is derecognized, the cumulative gains or losses previously recognized in other comprehensive income are not reclassified from equity to profit or loss.

Classified under this category are the Group's investments in equity securities presented under "Financial assets at fair value through other comprehensive income (FVOCI)" account.

Financial Liabilities at Amortized Cost. Financial liabilities are categorized as financial liabilities at amortized cost when the substance of the contractual arrangement results in the Group having an obligation either to deliver cash or another financial asset to the holder, or to settle the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of its own equity instruments.

These financial liabilities are initially recognized at fair value less any directly attributable transaction costs. After initial recognition, these financial liabilities are subsequently measured at amortized cost using the effective interest 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. Gains and losses are recognized in profit or loss when the liabilities are derecognized or through the amortization process.

Classified under this category are the Group's accounts and other payables (excluding statutory payables), dividends payable and deposits payable.

Impairment of Financial Assets at Amortized Cost

The Group records an allowance for expected credit loss (ECL) on financial assets at amortized cost based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The difference is then discounted at an approximation to the asset's original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

The Group measures loss allowances at an amount equivalent to the 12-month ECL for financial assets on which credit risk has not increased significantly since initial recognition or that are determined to have low credit risk at reporting date. Otherwise, impairment loss will be based on lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at reporting date with the risk of a default occurring on the financial instrument on the date of initial recognition and consider reasonable and supportable information, that is available without undue cost or effort. In addition, the Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

If, in a subsequent year, the amount of the estimated impairment loss decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is reduced by adjusting the allowance account. Any subsequent reversal of an impairment loss is recognized in profit or loss to the extent that the carrying amount of the asset does not exceed its amortized cost at reversal date.

A financial asset is written off when there is no reasonable expectation of recovering the financial asset in its entirety or a portion thereof. This is generally the case when the Group determines that the counterparty does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Receivables. The Group has applied the simplified approach in measuring the ECL on trade receivables. Simplified approach requires that ECL should always be based on the lifetime ECL. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECL at each reporting date.

The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

Other Financial Instruments Measured at Amortized Cost. For these financial assets, the Group applies the general approach in determining ECL. The Group recognizes an allowance based on either the 12-month ECL or lifetime ECL, depending on whether there has been a significant increase in credit risk since initial recognition.

Derecognition of Financial Assets and Liabilities

Financial Assets. A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- the right to receive cash flows from the asset has expired;
- the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or
- the Group has transferred its right to receive cash flows from the asset and either: (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its right to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Financial Liabilities. A financial liability is derecognized when the obligation under the liability is discharged, cancelled or has expired. When 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. The difference in the respective carrying amounts is recognized in profit or loss.

Offsetting Financial Assets and Liabilities
Financial assets and liabilities are offset, and the net amount is reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the consolidated statement of financial position.

Classification of Financial Instrument between Liability and Equity
A financial instrument is classified as liability if it provides for a contractual obligation to:

- Deliver cash or another financial asset to another entity;

- Exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Group; or

- Satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

If the Group does not have an unconditional right to avoid delivering cash or another financial asset to settle its contractual obligation, the obligation meets the definition of a financial liability.

Other Current Assets
Other current assets mainly include input value-added tax (VAT), deferred input VAT, creditable withholding tax (CWT) and prepaid expenses.

VAT. Revenues, expenses and assets are recognized net of the amount of VAT, except:

- where the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the tax is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- receivables and payables that are stated with the amount of tax included.

The net amount of VAT recoverable from the tax authority is included as part of "Other current assets" account in the consolidated statement of financial position.

Deferred Input VAT. Deferred VAT represents input VAT on purchases of applicable services that are still outstanding at financial reporting date and unclaimed amount of input VAT on capital goods, which are claimed as credit against output VAT over 60 months or the estimated useful lives of capital goods, whichever is shorter. Deferred input VAT that are expected to be claimed against output VAT for more than 12 months after the reporting year are classified as other noncurrent assets. Otherwise, these are classified as part of current assets.

In accordance with Section 35 of Republic Act (RA) No. 10963, otherwise known as the *"Tax Reform for Acceleration or Inclusion,"* the amortization of the input VAT should only be allowed until December 31, 2021 after which taxpayers with unutilized input VAT on capital goods purchased or imported should be allowed to apply the same as scheduled until fully utilized. Accordingly, all input tax on purchases of capital goods starting January 1, 2022 should already be allowed upon purchase/ payment and no longer be deferred based on Revenue Memorandum Circular No. 21-2022.

CWT. CWT represents the amount withheld by the Group's customers in relation to its income. CWT can be utilized as payment for income taxes provided that these are properly supported by certificates of creditable tax withheld at source subject to the rules on Philippine income taxation.

Prepaid Expenses. Prepaid expenses are expenses paid in advance and recorded as asset before these are utilized. Prepaid expenses are apportioned over the period covered by the payment and charged to appropriate expense accounts in profit or loss when incurred. Prepaid expenses that are expected to be realized for no more than 12 months after the financial reporting year are classified as current assets. Otherwise, these are classified as noncurrent assets.

Investments in Associates

An associate is an entity in 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 investments in associates are accounted for under the equity method.

Under the equity method, the investments in associates are initially recognized at cost, and the carrying amount is increased or decreased to recognize the Group's share of the profit or loss of the associates after the date of acquisition. The Group's share of the associates' profit or loss is recognized in the consolidated statement of income. Distributions received from associates reduce the carrying amount of the investment.

Any change in OCI of those investees is presented as part of the consolidated statement of comprehensive income. In addition, when there has been a change recognized directly in the equity of the associate, the Group recognizes its share of any changes, when applicable, in equity. Unrealized gains and losses resulting from transactions between the Group and the associates are eliminated to the extent of the Group's interest in the associate. If the Group's shares of losses of an associate equal or exceeds its interest in the associate, the Group shall discontinue recognizing its share of further losses.

The carrying amount of the investment is adjusted to recognize changes in the Group's share of net assets of the associates since the acquisition date. Goodwill relating to the associates is included in the carrying amount of the investment and is not tested for impairment individually.

The financial statements of the associates are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognize an impairment loss on its investments in its associates. At each reporting date, the Group determines whether there is objective evidence that the investments in associates are impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and then recognize the loss in the consolidated statement of income.

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 or joint control and the fair value of the retained investment and proceeds from disposal is recognized in the consolidated statement of income.

The Group has equity interest in the following associates as at December 31, 2023, 2022 and 2021:

	Country of Incorporation	Percentage of Ownership
Magellan Utilities Development Corporation (MUDC)	Philippines	43%
Pointwest Technologies Corporation (PTC)	Philippines	30%
Business Process Outsourcing International (BPO)	Philippines	35%
Melrose Park Investments, L. P. (MPI)	United States of America	7.813%

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

The initial cost of property and equipment consists of its purchase price, including import duties, nonrefundable taxes and any directly attributable costs in bringing the asset to its working condition and location for its intended use. Such cost includes the cost of replacing part of such property and equipment when that cost is incurred if the recognition criteria are met.

Expenditures incurred after the property and equipment have been put into operation, such as repairs and maintenance, are normally charged to profit or loss in the period when the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as additional cost of property and equipment.

Each part of the property and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

Depreciation and amortization are computed on the straight-line basis over the estimated useful lives of the depreciable assets.

The depreciation and amortization periods for property and equipment, based on the above policies, are as follows:

Asset Type	Number of Years
Condominium	25
Condominium improvements	10 or useful life, whichever is shorter
Transportation Equipment	10
Furniture, fixtures and equipment	5

The estimated useful lives and depreciation and amortization method are reviewed periodically to ensure that the periods and method of depreciation are consistent with the expected pattern of economic benefits from items of property and equipment.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use. 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 assets are retained in the accounts until these are no longer in use.

Investment Properties

Investment properties, comprising a parcel of land and condominium units, are held either to earn rental income or for capital appreciation or both. Investment property pertaining to land is measured at cost, including transaction costs less any accumulated impairment in value.

Investment property pertaining to condominium units is carried at cost less any accumulated depreciation and amortization and any impairment in value. Depreciation and amortization are computed using straight-line method over the estimated useful life of 25 years.

The estimated useful lives and method of depreciation and amortization are reviewed and adjusted, if appropriate, at each reporting year to ensure that the year and method of depreciation and amortization are consistent with the expected pattern of economic benefits from the items of investment properties.

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

A transfer is made to investment property when there is a change in use, evidenced by the ending of owner-occupation and commencement of an operating lease to another party. A transfer is made from investment property when there is a change in use, evidenced by the commencement of owner-occupation or commencement of development of the Group with a view to sale. A transfer between investment property, owner-occupied property and inventory does not change the carrying amount of the property transferred nor does it change the cost of that property for measurement or disclosure purposes.

Impairment of Nonfinancial Assets

Nonfinancial assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. The Group assesses at each reporting date whether there is an indication that an asset 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 of disposal 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.

An assessment is made at each 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 and amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss. After such a reversal the depreciation and amortization 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 useful life.

Equity

Capital Stock and Additional Paid-in Capital. Capital stock is measured at par value for all shares issued. Proceeds and/or fair value of considerations received in excess of par value, if any, are recognized as additional paid-in capital.

Incremental costs directly attributable to the issue of new capital stock are recognized as a deduction, net of tax, from the equity.

Treasury Shares. Parent Company's shares which are held by a subsidiary are treated similar to treasury shares and recognized and deducted from equity at cost. No gain or loss is recognized in the consolidated statement of comprehensive income on the purchase, sale, issue, or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognized in other reserves.

Other Equity Reserves. Other equity reserves primarily comprise of items of income and expenses that are not recognized in profit or loss for the year in accordance with PFRS. Other equity reserves of the Group mainly pertain to cumulative unrealized valuation losses of financial assets at FVOCI, cumulative share in other comprehensive income of associates and cumulative remeasurement gains of retirement benefits.

Retained Earnings. Retained earnings represent the cumulative balance of net income or loss, dividend distributions, effects of the changes in accounting policy and other capital adjustments. Dividends declared to the Group's stockholders are deducted from equity in the year in which the dividends are approved by the BOD. Dividends that are approved after the reporting year are disclosed as an event after the reporting year.

Revenue Recognition

Revenue is recognized when control over a product or service is transferred to the customer, or the customer has the right to use the asset, at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties.

The Group has generally concluded that it is the principal in its revenue arrangements. The following specific recognition criteria must also be met before revenue from contracts with customers is recognized.

Revenue outside the Scope of PFRS 15

Dividend Income. Revenue is recognized when the Group's right to receive the payment is established, which is generally upon the approval of the investee's BOD.

Interest Income. Revenue is recognized as the interest accrues taking into account the effective yield on the asset.

Other Income. Revenue is recognized when earned.

Expense Recognition

Expenses are decreases in economic benefits during the accounting period in the form of outflows or depletions of assets or incurrence of liabilities that result in decrease in equity, other than those relating to distributions to equity participants. Expenses are generally recognized when goods are received by and services are rendered to the Group or when the expenses are incurred.

Leases

At the inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset. This may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the Group has the right to obtain substantially all the economic benefits from use of the asset throughout the period of use; and
- the Group has the right to direct the use of the asset. The Group has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. The Group has the right to direct the use of the asset if either:
  - the Group has the right to operate the asset; or
  - the Group designed the asset in a way that predetermines how and for what purpose it will be used.

The Group as a Lessor. 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 on a straight-line basis over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the year in which these are earned.

Employee Benefits

Short-term Benefits. The Group recognizes a liability net of amounts already paid and an expense for services rendered by employees during the accounting period. A liability is also recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

Short-term employee benefit liabilities are measured on an undiscounted basis and are expensed as the related service is provided.

Retirement Benefits. The Group has an unfunded, non-contributory defined benefit plan covering all qualified employees. The retirement benefits is determined using the projected unit credit method, which reflects services rendered by employees to the date of valuation and incorporates assumptions concerning employees' projected salaries.

The Group recognizes service costs, comprising of current service costs and interest expense in profit or loss.

Remeasurements comprising actuarial gains and losses are recognized immediately in other comprehensive income in the year in which these arise. These are not reclassified to profit or loss in subsequent years.

The retirement liability recognized by the Company is the present value of the retirement obligation which is determined by discounting the estimated future cash outflows using risk-free interest rate of government bonds that have terms to maturity approximating the terms of the related retirement and other long-term benefits liability.

Actuarial valuations are made with sufficient regularity so that the amounts recognized in the consolidated financial statements do not differ materially from the amounts that would be determined at the reporting date.

Foreign Currency Denominated Transactions

Transactions denominated in foreign currencies are initially recorded in Peso using the exchange rate prevailing at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are restated at the functional currency using the rate of exchange prevailing at the reporting date. Foreign exchange differences between the rate at transaction date and settlement date or reporting date are credited to or charged against profit or loss. Nonmonetary items that are measured in terms of historical cost in foreign currency are translated using the exchange rate at the dates of initial transactions.

Exchange rate differences arising from the translation or settlement of monetary items at rates different from those at which these were initially recorded during the period are recognized in the profit or loss in the period these arise.

Income Taxes

Current Tax. Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and the tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period.

Deferred Tax. Deferred tax is provided on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes except for:

- When it arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit or loss nor taxable profit or loss; or

- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carryforward benefits of unused tax credits (excess of minimum corporate income taxes or MCIT over regular corporate income taxes or RCIT) and unused tax losses (net operating loss carryover or NOLCO), only if it is probable that sufficient future taxable profit will be available against which the deductible temporary differences and carryforward benefits of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient future taxable profit will be available to allow all or part of the deferred tax assets to be utilized. Unrecognized deferred tax assets are re-assessed at the end of each reporting period and are recognized to the extent that it has become probable that sufficient future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the end of reporting period.

Deferred tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity as other comprehensive income.

Offsetting. Current tax assets and current tax liabilities are offset, or deferred tax assets and deferred tax liabilities are offset if, and only if, an enforceable right exists to set off the amounts and it can be demonstrated without undue cost or effort that the Group plans either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Related Parties and Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence.

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

Related party transactions are considered material and/or significant if i) these transactions amount to 10% or higher of the total assets, or ii) there are several transactions or a series of transactions over a 12-month period with the same related party amounting to 10% or higher of the total assets. Details of transactions entered into by the Group with related parties are reviewed in accordance with its related party transactions policy.

Earnings per Share
Basic earnings per share is computed by dividing net income for the year attributable to common equity holders of the Group, after recognition of the dividend requirement of preferred shares, as applicable, by the weighted average number of issued and outstanding common shares during the year, after giving retroactive effect to any stock dividends declared during the year.

Diluted earnings per share is computed by dividing net income \for the year attributable to common equity holders of the Group by the weighted average number of issued and outstanding common shares during the year plus the weighted average number of common shares that would be issued on conversion of all the dilutive potential common shares into common shares. The calculation of diluted earnings per share does not assume conversion, exercise, or other issue of potential common shares that would have an anti-dilutive effect on earnings per share.

As the Group has no dilutive potential common shares outstanding, basic and diluted earnings per share are stated at the same amount.

Provisions
Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Provisions are made using the best estimates of the amount required to settle the obligation and are discounted to present values using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. Changes in estimates are reflected in profit or loss in the period these arise.

Contingencies
Contingent liabilities are not recognized in the consolidated financial statements. These are disclosed in the notes to consolidated financial statements 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 when an inflow of economic benefits is probable.

Events after the Reporting Date
Post year-end events that provide additional information about the Group's financial position at 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 consolidated financial statements when material.

Comparatives
When necessary, comparative figures have been reclassified to conform to the changes in the presentation of the current year.

3. Significant Judgments, Accounting Estimates and Assumptions

The preparation of the consolidated financial statements in accordance with PFRS requires management to exercise judgment, make estimates and use assumptions that affect amounts of assets, liabilities, income and expenses reported in the consolidated financial statements. The judgment, estimates and assumptions used in the consolidated financial statements are based upon management's evaluation of relevant facts and circumstances as of the date of the consolidated financial statements. While management believes that the assumptions are reasonable and appropriate, significant differences in the actual experience or significant changes in the assumptions may materially affect the estimated amounts. Actual results could differ from such estimates.

Judgments

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognized in the consolidated financial statements:

Determining whether Control Exists in an Investee. Control is presumed to exist when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Management has determined that it has control over MCHC by virtue of its power to cast the majority votes through its representation in the BOD of MCHC.

Determining Significant Influence over an Investee Company. The Group considers its investments in PTC and BPO as investments in associates. The Group concluded that given its 30% and 35% ownership interest in PTC and BPO, respectively, it has significant influence over the operating and financial policies of these associates, with considerations of the following factors:

- Representation on the BOD;
- Participation in policy-making processes, including participation in decisions about dividends and other distributions; and
- Material transactions between the investor and investee.

Also, the Group considers its investment in MPI, a limited partnership, with an interest of 7.813% as investment in an associate. An ownership interest greater than 3-5% in limited partnerships is presumed to provide the Group with the ability to influence the operating and financial policies of MPI.

Classifying the Financial Instruments. The Group exercises judgments in classifying a financial instrument, or its component parts, upon initial recognition either as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial asset, a financial liability or an equity instrument. The substance of a financial instrument, rather than its legal form, governs its classification in the consolidated statement of financial position.

In addition, the Group classifies financial assets by evaluating, among others, whether the asset is quoted or not in an active market. Included in the evaluation on whether a financial asset is quoted in an active market is the determination on whether market transactions take place with sufficient frequency and volume.

Contractual Cash Flows Assessment. For each financial asset, the Group assesses the contractual terms to identify whether the instrument is consistent with the concept of 'sole payment of principal and interest' (SPPI).

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortization of the premium/discount).

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Group applies judgment and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.

In contrast, contractual terms that introduce a more than de minimis exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the amount outstanding. In such cases, the financial asset is required to be measured at FVTPL.

Investments in a financial asset that are convertible into equity instruments of the issuer are analyzed for classification in its entirety. A convertible financial asset does not meet the SPPI criterion when its interest rate does not reflect the consideration for the time value of money and the credit risk of the issuer. This is not the case when the issuer's shares are used to settle the instrument with a variable number of shares being issued that are equal in value to the unpaid principal and interest of the financial asset.

The Group's convertible notes receivable met the SPPI criterion (see Note 8).

Evaluating the Business Model in Managing Financial Instruments. The Group determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective. The Group's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed; and
- The expected frequency, value and timing of sales are also important aspects of the Group's assessment.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realized in a way that is different from the Group's original expectations, the Group does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

Determining the Classification of Properties. Management determines the classification of a property whether investment properties or property and equipment depending on its use and purpose. The property is classified as follows:

- Investment properties comprise of land and condominium units which are not occupied substantially for use by, or in the operations of, the Group, not for sale in the ordinary course of business, but are held primarily to earn rental income and capital appreciation.

- Property and equipment comprise of owner-occupied properties.

The change of the use of properties will trigger a change in classification and accounting of the properties.

Determining the Classification of Lease Arrangements. The Group, as a lessor, has existing property leases on its investment property portfolio. The Group has determined that it retains all the significant risks and benefits of ownership of those leased properties as the Group considers, among others, the lease term as compared with the estimated useful life of the property. As such, the lease agreements are accounted for as operating leases.

Estimates and Assumptions

Determining the Fair Values of Financial Instruments. The Group carries and discloses certain financial assets and liabilities at fair value, which requires extensive use of accounting estimates and judgments. While significant components of fair value measurement were determined using verifiable objective evidence (i.e., quoted prices, interest rates and foreign exchange rates), the amount of changes in fair value would differ if the Group utilized a different valuation methodology.

Where the fair value of certain financial assets and financial liabilities recorded in the consolidated statement of financial position cannot be derived from active markets, they are determined using internal valuation techniques using generally accepted market valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimates are used in establishing fair values. The judgments include of liquidity and model inputs such as liquidity risk, credit risk and considerations volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

Details of the fair values of the Group's financial instruments are presented in Note 23.

Estimating the Provision for Expected Credit Losses. The Group uses the general approach to calculate expected credit losses for receivables and amounts due from related parties. The Group tracks changes in credit risk and recognizes a loss allowance based on either a 12-month or lifetime ECL at each reporting date.

Details of the Group's receivables and allowance for expected credit losses are disclosed in Note 6.

Estimating the Impairment of Debt Securities Classified as Financial Assets at FVOCI. The Group assesses the counterparty's ability to comply with the contractual obligations to pay out principal and interest. Further, the Group assesses whether the credit risk on those financial instruments has increased significantly since initial recognition.

For debt instruments at FVOCI, the Group applies the low credit risk simplification. At every reporting date, the Group evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group reassesses the internal credit rating of the debt instrument.

The Group's debt instrument in FVOCI comprise solely of top investment grade bonds that are graded by top credit rating agencies and, therefore, are considered to be low credit risk investments. It is the Group's policy to measure ECLs on such instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. The Group uses the ratings from the top credit rating agencies both to determine whether the debt instrument has significantly increased in credit risk and to estimate ECLs.

Details of the carrying value of debt securities classified as financial assets at FVOCI are disclosed in Note 5.

Assessing the Impairment of Investment in Associates. The Group performs an impairment review on its investments in associates whenever an impairment indicator exists. This requires an estimation of the value in use of the investments. Estimating the value in use requires the Group to make an estimate of the expected future cash flows of the investments and to make use of a suitable discount rate to calculate the present value of those future cash flows.

The Group has a 43% interest in MUDC. As at December 31, 2023 and 2022, MUDC has been non-operational since its incorporation. However, it has obtained the necessary requirements for the signing of a supply agreement with a public utility firm and a purchase agreement with certain oil companies. As at December 31, 2023 and 2022, MUDC has project development costs of ₱207.1 million. The recoverability of these assets and the ultimate success of MUDC's future operations are dependent upon the signing of these agreements. The foregoing conditions indicate the existence of a material uncertainty which may cast significant doubt on MUDC's ability to continue as a going concern and the recoverability of the Group's significant investment in MUDC.

Details of the carrying amount of investments in associates are disclosed in Note 9.

Estimating the Useful Lives of Investment Properties and Property and Equipment. The Group reviews annually the estimated useful lives of investment properties and property and equipment based on expected assets' utilization and market demands. It is possible that the factors mentioned may change in the future, which could cause a change in estimated useful lives. A reduction in estimated useful lives could cause a significant increase in depreciation of investment properties and property and equipment.

There was no change in the estimated useful lives of investment properties and property and equipment in 2023, 2022 and 2021.

Details of the carrying amount of depreciable property and equipment and investment properties are disclosed in Notes 10 and 11.

Estimating the Impairment of Other Nonfinancial Assets. The Group determines whether other current assets, property and equipment, investment properties are impaired whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable.

The factors that the Group considers important which could trigger an impairment review include the following:

- Significant underperformance relative to expected historical or projected future operating results;
- Significant changes in the manner of use of the acquired assets or the strategy for overall business; and
- Significant negative industry or economic trends.

Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognized. Recoverable amounts are estimated for individual assets or, if it is not possible, for the CGU to which the asset belongs.

Recoverable amount of an asset is the higher of is its fair value less costs to sell or value in use. Value in use is determined as the present value of estimated future cash flows expected to be generated from the Group's expected mining operations. The estimated cash flows are discounted using pretax discount rates that reflect the current assessment of the time value of money and the risks specific to the asset.

Based on management assessment, there are no impairment indicators on the Group's nonfinancial assets. Accordingly, no impairment loss was recognized in 2023, 2022 and 2021.The carrying amounts of nonfinancial assets are disclosed in the following:

- Note 7, *Other Current Assets*
- *Note 9, Investments in Associates*
- Note 10, *Property and Equipment*
- Note 11, *Investment Properties*

Estimating the Realizability of Deferred Tax Assets. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized. Management is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

The Group did not recognize deferred tax assets on allowance for impairment losses on due from related parties and allowance for impairment losses on investment in an associate as management believes that sufficient future taxable income will not be available to allow all or part of the deferred tax assets to be utilized.

Details of deferred tax assets are disclosed in Note 16.

Evaluating Contingencies. The Group recognizes provision for possible claims when it is determined that an unfavorable outcome is probable and the amount of the claim can be reasonably estimated. The determination of reserves required, if any, is based on analysis of such individual issue, often with the assistance of outside legal counsel. Management believes that any potential claims against the Group arising from the normal course of business will not have any material adverse effect on its consolidated financial position and consolidated financial performance.

4. Cash and Cash Equivalents

This account consists of:

	2023	2022
Cash on hand and in banks	**₱81,317,262**	₱83,520,956
Short-term placements	**348,671,390**	384,176,317
	₱429,988,652	₱467,697,273

Cash in banks earns interest at the respective bank deposit rates. Short-term placements are fixed rate time deposits denominated in United States Dollar (USD) and Philippine Peso, made for varying periods of up to three months or less subject to roll-over requirements depending on the immediate cash requirements of the Group, and earn interest at the respective bank rates ranging from 2.50% to 4.50% in 2023 (0.01% to 2.75% and 0.625% to 3.25% in 2022 and 2021, respectively).

Composition of interest income are as follows:

	Note	2023	2022	2021
Cash and cash equivalents		**₱12,713,079**	₱4,622,903	₱5,567,743
Financial assets at FVOCI	5	**5,834,356**	9,965,911	12,440,599
		₱18,547,435	₱14,588,814	₱18,008,342

5. Investment Securities

This account consists of:

	2023	2022
Current:		
Financial assets at FVPL	**₱341,616,249**	₱238,309,793
Financial assets at FVOCI	**477,020**	477,020
Noncurrent -		
Financial assets at FVOCI	**354,276,044**	462,343,736
	₱696,369,313	₱701,130,549

Financial Assets at FVPL

Financial assets at FVPL consist of listed securities which are traded in the Philippine Stock Exchange (PSE), New York Stock Exchange (NYSE) and Hong Kong Stock Exchange (HKEx). Fair values of listed equity securities are based on quoted market prices in the PSE, NYSE and HKEx.

Movements of the Group's investments in financial assets at FVPL are as follows:

	2023	2022
Balances at beginning of year	**₱238,309,793**	₱230,605,109
Additions	**80,608,440**	79,442,793
Disposals	**(30,116,923)**	(38,715,277)
Changes in fair values during the year	**52,814,939**	(33,022,832)
Balances at end of year	**₱341,616,249**	₱238,309,793

Movements of cumulative unrealized gain on fair value changes are as follows:

	2023	2022
Balances at beginning of year	**₱35,550,497**	₱68,573,329
Changes in fair values during the year	**52,814,939**	(33,022,832)
Balances at end of year	**₱88,365,436**	₱35,550,497

Changes in fair values in 2021 amounted to ₱16.7 million.

Dividend income earned on investments in financial assets at FVPL amounted to ₱4.1 million in 2023 (₱4.9 million and ₱4.8 million in 2022 and 2021, respectively), presented as 'Dividend income' in the consolidated statement of income.

The Group recognized loss on disposal of financial asset at FVPL amounting to ₱319,149 in 2023 (gains of ₱5.7 million and ₱91,833 in 2022 and 2021, respectively).

Financial Assets at FVOCI

The Group's investments securities measured at FVOCI are as follows:

	2023	2022
Debt securities	**₱72,800,106**	₱145,004,236
Equity securities	**281,952,958**	317,816,520
	₱354,753,064	₱462,820,756

Movements in financial assets at FVOCI financial assets are as follows:

	2023	2022
Beginning balances	**₱462,820,756**	₱460,117,630
Disposals	**(193,815,581)**	(26,136,716)
Additions	**86,170,689**	57,719,216
Changes recognized in profit or loss	**2,290,467**	14,787,070
Movements in net unrealized valuation losses	**(2,713,267)**	(43,666,444)
	354,753,064	462,820,756
Current portion	**(477,020)**	(477,020)
Noncurrent portion	**₱354,276,044**	₱462,343,736

Debt Securities

Investments in debt securities are denominated in various foreign currencies and are stated at fair value based on quoted prices. The debt securities bear fixed interest rates ranging from 4.625% to 6.75% in 2023 (4.75% to 6.625% in 2022 and 4.75% and 6.625% in 2021). Maturity dates of the investments range from 2024 to 2030. Interests on investments are received and settled semi-annually in its denominated currency.

The Group has an investment in government issued debt security that is a peso-denominated, fixed-income Philippine Treasury Note with an effective interest of 8.125%.

Interest earned on debt securities classified as financial assets at FVOCI amounted to ₱5.8 million in 2023 (₱10.0 million and ₱12.4 million in in 2022 and 2021, respectively), presented as "Interest income" in the consolidated statement of income (see Note 4).

Equity Securities

Investments in equity securities carried at fair value consist of investments in quoted and unquoted shares of stock which the Group has neither control nor significant influence. The fair market values of the listed shares are determined by reference to published quotations in an active market as at December 31, 2023 and 2022. For unlisted shares of stock that do not have readily available market values, the Group uses valuation for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Dividend income earned on equity securities classified as financial assets at FVOCI amounted to ₱172,798 in 2023 (₱889,724 and nil in 2022 and 2021, respectively).

Movements in the net unrealized valuation gains (losses) on financial assets under FVOCI are as follows:

	2023	2022
Beginning balances	**(₱16,798,687)**	₱19,655,689
Movements in fair value before tax	**21,762,883**	(42,677,823)
Tax effect	**(2,250,945)**	6,223,447
	₱2,713,251	(₱16,798,687)

Movements in fair value amounted to ₱33.4 million, net of tax of ₱3.2 million in 2021.

Allowance for expected credit losses on debt securities amounted to ₱2.1 million as at December 31, 2023 and 2022.

Net unrealized valuation losses on financial assets at FVOCI attributable to equity holders of the Group amounted to ₱4.5 million in 2023 (loss of ₱16.8 million and gain of ₱19.7 million in 2022 and 2021, respectively).

The Group disposed certain financial assets at FVOCI and recognized a loss from disposal amounting to ₱23.9 million in 2023 (loss of ₱2.3 million and gain of ₱2.1 million in 2022 and 2021, respectively).

Investments in Rights Issue Subscription

The Group entered into an agreement with Xen Technologies Pte. Ltd. ("Xen") to invest in rights issue subscription amounting to ₱43.9 million or USD 1.1 million as at December 31, 2023 (₱27.6 million or USD 848,784 as at December 31, 2022). These rights issue subscriptions grant the Group certain preferential rights in Xen, including right to receive dividends, and are convertible into Xen's ordinary shares subject to certain conditions as stated in the contract agreement.

As at December 31, 2023 and 2022, investments in rights issue subscription are measured at FVOCI and are valued based on the recently transacted price which is deemed the fair value. The recent transacted price has been concluded to best represent the fair value on the basis that there have been no significant changes between the transaction date and the consolidated statement of financial position date.

6. Receivables

This account consists of:

	Note	2023	2022
Rent receivable		**₱547,629**	₱853,034
Accrued interest	4, 5	**2,723,965**	4,215,899
Others		**246,441**	60,691
		3,518,035	5,129,624
Less: allowance for expected credit losses		**1,007,000**	1,007,000
		₱2,511,035	₱4,122,624

Accrued interest pertains to interest earned on investments in short-term placements and debt securities classified as financial assets at FVOCI that are expected to be collected within one year.

In 2022 and 2021, receivables were directly written-off amounting to ₱86,873 and ₱74,141, respectively.

7. Other Current Assets

This account consists of:

	2023	2022
Input VAT	**₱26,576,509**	₱25,656,949
CWT	**3,128,921**	2,703,631
Deposits on contracts	**3,103,771**	3,260,796
Prepaid expenses	**1,091,419**	1,299,157
Prepaid income tax	**1,084,401**	1,099,103
Deferred input VAT	**85,618**	157,018
Others	**394,630**	–
	₱35,465,269	₱34,176,654

8. Convertible Notes Receivables

The Group entered into an agreement with Xen, whereby the Group issued convertible promissory notes (the "Notes"). A total amount of US$100,000 or ₱5.7 million and US$1,050,000 or ₱9.7 million was collected for the years ended December 31, 2022 and 2021, respectively. The Notes bear interest at 8% per annum and all unpaid interest and principal, to the extent not already converted, are due and payable upon the request of the Group on or before the maturity date.

The Notes are convertible upon the occurrence of the following events:

- Conversion upon a qualified financing which is an equity financing of at least US$1,500,000;
- If a liquidation event occurs before maturity date, the Note, together with all unpaid interest accrued, will automatically convert to shares on the date of the liquidation event; or
- Operational conversion at the maturity date.

The carrying amount of the Notes amounted to ₱5.6 million as at December 31, 2023 and 2022. Interest income earned amounted to nil in 2023, 2022 and 2021.

9. Investments in Associates

The Group has equity interest in the following associates as of December 31:

	2023	2022
PTC	**₱184,631,671**	₱164,684,146
BPO	**113,135,613**	98,676,293
MUDC	**94,830,129**	94,830,129
MPI	**4,466,535**	4,256,920
	397,063,948	362,447,488
Less: allowance for impairment losses	**94,830,129**	94,830,129
	₱302,233,819	₱267,617,359

Movements in this account are as follows:

	2023	2022
Acquisition cost	**₱205,189,635**	₱205,189,635
Accumulated equity in net earnings:		
Balance at beginning of year	**157,257,853**	143,457,795
Share in net income of associates	**45,346,405**	26,211,341
Share in other comprehensive income (loss)	**(3,733,637)**	2,474,577
Share in dividends declared	**(8,987,648)**	(32,494,215)
Cumulative translation adjustment	**1,991,340**	17,608,355
Balance at end of year	**191,874,313**	157,257,853
	397,063,948	362,447,488
Allowance for impairment losses	**(94,830,129)**	(94,830,129)
	₱302,233,819	₱267,617,359

<u>PTC</u>

PTC is a global service company outsourcing information technology services from the Philippines. Among others, it offers software servicing, maintenance, testing and development to various clients, mostly in the US.

The summarized financial information of PTC is as follows ('000):

	2023	2022
Total assets	**₱827,583**	₱706,547
Total liabilities	**259,218**	157,600
Equity	**568,365**	548,947
Net income	**102,957**	30,627
OCI	**(12,445)**	8,249
Group's share in net income	**30,887**	9,188
Group's share in OCI	**(3,734)**	2,475

<u>BPO</u>

BPO is a provider of accounting and finance related services such as payroll, internal audit, payables processing and others. It is involved in outsourcing business process services in the Philippines, servicing many of the multinational and large corporations operating in the country.

The summarized financial information of BPO is as follows ('000):

	2023	2022
Total assets	**₱390,517**	₱347,477
Total liabilities	**130,797**	124,941
Equity	**259,720**	222,536
Net income	**41,312**	42,177
OCI	**–**	–
Group's share in net income	**14,459**	14,762
Group's share in OCI	**–**	–

MUDC

The Group has a 43% interest in MUDC. As at December 31, 2023 and 2022, MUDC has been non-operational since its incorporation. However, it has obtained the necessary requirements for the signing of a supply agreement with a public utility firm and a purchase agreement with certain oil companies. As at December 31, 2023 and 2022, MUDC has project development costs of ₱207.1 million. The recoverability of these assets and the ultimate success of MUDC's future operations are dependent upon the signing of these agreements. The foregoing conditions indicate the existence of a material uncertainty which may cast significant doubt on MUDC's ability to continue as a going concern and the recoverability of the Group's significant investment in MUDC.

The Group has investment in MUDC amounting to ₱94.8 million as at December 31, 2023 and 2022 and advances to MUDC amounting to ₱188.5 million in December 31, 2023 and 2022 (see Note 18). The Group has assessed that its investment and outstanding advances to MUDC are impaired since management believes that it will no longer recover such investment and advances. Accordingly, a full provision of impairment loss has been recognized. Management is not required to infuse more capital to MUDC and that losses are limited to the invested additional advances as at December 31, 2023 and 2022.

MPI

On June 5, 2007, the Group invested in a limited partnership with MPI, located at 904-184 West North Avenue, Melrose Park (Cook Country), Illinois, with principal office address at 9595 Wilshire Blvd., Suite 501, Beverly Hills, CA 90212. The partnership engages in owning, holding, selling, assigning transferring, operating, leasing, mortgaging, pledging and otherwise dealing with the property and any interests in the property.

The Group invested $250,000 to acquire a 7.813% limited share with Winston Investment Group, LLC, a Delaware limited liability company, being the General Partner.

The summarized financial information of BPO is as follows ('000):

	2022
Total assets	₱11,450
Total liabilities	7,332
Equity	4,118
Net income	3,027
Group's share in net income	321

10. Property and Equipment

Movements and composition of the Group's property and equipment are as follows:

	December 31, 2023				
	Condominium	**Condominium Improvements**	**Transportation Equipment**	**Office Furniture, Fixtures and Equipment**	**Total**
Cost:					
Beginning balances	**₱20,755,943**	**₱9,935,133**	**₱7,234,510**	**₱3,039,303**	**₱40,964,889**
Disposals	**–**	**–**	**(3,571,339)**	**–**	**(3,571,339)**
Additions	**–**	**115,000**		**49,641**	**164,641**
Ending balances	**20,755,943**	**10,050,133**	**3,663,171**	**3,088,944**	**37,558,191**
Accumulated depreciation:					
Beginning balances	**18,473,099**	**8,825,613**	**6,235,104**	**2,788,983**	**36,322,799**
Disposals	**–**	**–**	**(3,571,339)**	**–**	**(3,571,339)**
Depreciation	**830,237**	**310,512**	**314,517**	**75,485**	**1,530,751**
Ending balances	**19,303,336**	**9,136,125**	**2,978,282**	**2,864,468**	**34,282,211**
Net Book Values	**₱1,452,607**	**₱914,008**	**₱684,889**	**₱224,476**	**₱3,275,980**

	December 31, 2022				
	Condominium	Condominium Improvements	Transportation Equipment	Office Furniture, Fixtures and Equipment	Total
Cost:					
Beginning balances	₱20,755,943	₱8,764,062	₱7,234,510	₱2,892,436	₱39,646,951
Additions	–	1,171,071	–	146,867	1,317,938
Ending balances	20,755,943	9,935,133	7,234,510	3,039,303	40,964,889
Accumulated depreciation:					
Beginning balances	17,642,862	8,598,923	5,902,338	2,739,884	34,884,007
Depreciation	830,237	226,690	332,766	49,099	1,438,792
Ending balances	18,473,099	8,825,613	6,235,104	2,788,983	36,322,799
Net Book Values	₱2,282,844	₱1,109,520	₱999,406	₱250,320	₱4,642,090

The Group recognized gain on disposal of property and equipment amounting to ₱562,500 in 2023 (nil and ₱929 in 2022 and 2021, respectively). Management believes that there is no indication that impairment loss has occurred on its property and equipment.

Fully depreciated property and equipment with cost of ₱10.9 million as at December 31, 2023 and 2022 are still being used by the Group.

Depreciation and amortization are as follows:

	Note	**2023**	2022	2021
Property and equipment		**₱1,530,751**	₱1,438,792	₱1,278,607
Investment properties	11	**16,273,634**	16,033,917	8,804,186
		₱17,804,385	₱17,472,709	₱10,082,793

11. Investment Properties

Movements and composition of the Group's investment properties are as follows:

	December 31, 2023		
	Land	**Condominium and Improvements**	**Total**
Cost:			
Beginning balances	**₱46,319,625**	**₱397,188,128**	**₱443,507,753**
Additions	**–**	**3,002,197**	**3,002,197**
Ending balances	**46,319,625**	**400,190,325**	**446,509,950**
Accumulated depreciation:			
Beginning balances	**–**	**84,425,306**	**84,425,306**
Depreciation and amortization	**–**	**16,273,634**	**16,273,634**
Ending balances	**–**	**100,698,940**	**100,698,940**
Net Book Values	**₱46,319,625**	**₱299,491,385**	**₱345,811,010**

	December 31, 2022		
	Land	Condominium and Improvements	Total
Cost:			
Beginning balances	₱46,319,625	₱395,755,001	₱442,074,626
Additions	–	1,433,127	1,433,127
Ending balances	46,319,625	397,188,128	443,507,753
Accumulated depreciation:			
Beginning balances	–	68,391,389	68,391,389
Depreciation and amortization	–	16,033,917	16,033,917
Ending balances	–	84,425,306	84,425,306
Net Book Values	₱46,319,625	₱312,762,822	₱359,082,447

Condominium units are being leased to third parties and other related parties as office space. The investment properties generated rent income amounting to ₱22.1 million in 2023 (₱23.9 million and ₱22.0 million in 2022 and 2021, respectively) (see Note 21). Direct operating expenses arising from investment properties that generated rent income include depreciation and condominium dues which amounted to ₱24.4 million in 2023 (₱21.2 million and ₱12.2 million in 2022 and 2021, respectively).

The assessed fair value of the investment properties amounted to ₱2,072.6 million in 2023 (₱1,688.5 million in 2022). The fair values of the investment properties in 2023 are based on valuations performed by an accredited independent valuer last January and February 2024. The valuation model in accordance with that recommended by the International Valuation Standards Committee has been applied.

The Group applied the Sales Comparison Approach in determining the fair value of the investment properties. This is a comparative approach of valuation that considers the sales of similar or substitute properties and related market data and establishes a value estimate by processes involving comparison.

The appraiser gathers data on actual sales and/or listings, offers, and renewal options, and identifies the similarities and differences in the data, ranks the data according to their relevance, adjusts the sales prices of the comparable to account for the dissimilarities with the unit being appraised, and forms a conclusion as to the most reasonable and probable market value of the subject property.

The elements of comparison include location, physical characteristics, available utilities, zoning, and highest and best use. The most variable elements of comparison are the site's physical characteristics, which include its size and shape, frontage, topography and location. The fair value is estimated under Level 3 inputs.

The Group has no restrictions on the realizability of its investment properties and no contractual obligations to either purchase, construct or develop investment properties or for repairs, maintenance and enhancements.

12. Other Noncurrent Assets

This account consists of:

	2023	2022
Deposits for property acquisition	**₱16,967,143**	₱–
Refundable deposits	**595,780**	575,780
Others	**2,281,306**	2,281,306
	₱19,844,229	₱2,857,086

13. Accounts and Other Payables

This account consists of:

	2023	2022
Deposits payable	**₱7,667,504**	₱4,270,053
Accrued expenses	**848,609**	1,316,785
Accounts payable	**611,011**	1,489,570
Statutory payables	**3,003,607**	2,178,874
	₱12,130,731	₱9,255,282

Deposits payable pertain to deposits made by tenants for the lease of portion of the Group's condominium spaces and expected to be refunded to the lessee after the lease term. Noncurrent portion of deposits payable amounted to ₱0.6 million as at December 31, 2023 (₱1.1 million as at December 31, 2022) (see Note 21).

Accrued expenses mainly pertain to accrued professional fees payable within next reporting year.

Accounts payable are generally non-interest bearing payables to third party contractors with a credit term of 30 days.

14. Operating Expenses

This account consists of:

	2023	2022	2021
Depreciation and amortization	**₱17,804,385**	₱17,472,709	₱10,082,793
Foreign exchange losses	**11,964,411**	17,543,975	341,522
Personnel expenses:			
Salaries and allowances	**10,791,574**	11,688,612	12,880,232
Retirement benefits	**2,070,563**	1,505,974	1,540,460
Other employee benefits	**2,096,108**	2,176,467	335,592
Condominium dues	**8,159,391**	5,214,885	3,352,782
Taxes and licenses	**4,767,274**	1,267,580	1,070,733
Professional fees	**3,686,773**	2,742,445	3,638,500
Bank charges	**1,931,186**	1,496,114	741,344
Entertainment, amusement and recreation	**576,589**	949,485	389,502
Utilities	**466,043**	468,597	370,917
Outside services	**101,852**	1,222,228	1,222,228
Others	**1,396,778**	1,267,861	1,793,522
	₱65,812,927	₱65,016,932	₱37,760,127

15. Retirement Liability

The existing regulatory framework, Republic Act (RA) No. 7641, otherwise known as *The Retirement Pay Law*, requires a provision for retirement pay to qualified private sector employees in the absence of any retirement plan in the entity, provided however that the employee's retirement benefits under any collective bargaining and other agreements shall not be less than those provided under the law. The law does not require minimum funding of the plan.

The Group has an unfunded defined benefit pension plan covering substantially all its regular employees. Retirement benefits under the plan are based on a percentage of latest monthly salary and years of credited service.

The table below summarizes the components of retirement benefits expense recognized in the consolidated statement of income, the remeasurement effects recognized in the consolidated statement of comprehensive income and the amounts recognized in the consolidated statement of financial position.

	2023	2022	2021
Balances at beginning of the year	**₱17,796,176**	₱15,741,117	16,606,435
Retirement expense recognized in the consolidated statement of income			
Current service cost	**888,132**	687,637	619,817
Interest cost	**1,182,431**	818,337	920,643
	2,070,563	1,505,974	1,540,460
Remeasurements recognized in other comprehensive income			
Actuarial losses (gains) due to:			
Experience adjustments	**(9,612,777)**	1,166,810	(2,237,387)
Changes in financial assumptions	**137,404**	(617,725)	(168,391)
	(9,475,373)	549,085	(2,405,778)
Balances at end of year	**₱10,391,366**	₱17,796,176	₱15,741,117

Actuarial gains on retirement benefit obligation attributable to the equity holders of the Group amounted to ₱7.1 million in 2023 (actuarial loss of ₱0.4 million and gain of ₱1.7 million in 2022 and 2021, respectively).

The principal actuarial assumptions used in determining retirement benefit obligation for the Group's retirement plan are as follows:

	2023	2022
Discount rate	**6.20 to 6.50%**	5.20% to 6.70%
Salary increase rate	**5.00%**	5.00%

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation as at December 31, 2023 and 2022, assuming if all other assumptions were held constant:

	Effect on Retirement Liability	
	2023	2022
Discount rate		
+100 basis points	**(₱635,730)**	(₱200,180)
-100 basis points	**780,824**	230,998
Salary increase rate		
+100 basis points	**₱754,456**	₱161,719
-100 basis points	**(619,679)**	(134,154)

The average duration of the retirement benefit obligation as at December 31, 2023 is 8 years.

Shown below is the maturity profile analysis of the undiscounted benefit payments:

	2023	2022
More than 1 year to 5 years	**₱7,702,864**	₱18,037,793
More than 5 years to 10 years	**331,442**	707,527
More than 15 years to 20 years	**36,538,616**	7,624,547
	₱44,572,922	₱26,369,867

16. Income Taxes

The reconciliation of income tax computed at the statutory income tax rate to provision for income tax shown in the consolidated statement of income is as follows:

	2023	2022	2021
Statutory income tax	**₱26,090,629**	₱6,318,662	₱22,845,700
Tax effect of:			
Dividend income exempt from tax	**(23,439,902)**	(209,803)	(4,194,054)
Nontaxable income	**(7,905,664)**	(305,850)	(2,250,699)
Movements in unrecognized deferred tax assets	**(1,651,674)**	151,261	3,956,646
Nondeductible expenses	**1,487,883**	3,811,227	(4,092,185)
Tax rate difference on dividend income subjected to final tax	**(802,669)**	(187,768)	(127,007)
Tax rate difference on interest income subjected to final tax	**(503,497)**	(421,740)	(202,745)
Application of NOLCO	**–**	(3,133,722)	–
Effect of lower income tax rate	**–**	–	1,093,985
	(₱6,724,894)	₱6,022,267	₱17,029,641

The Group's net deferred tax assets (liabilities) as at December 31, 2023 and 2022 are as follows:

	2023	2022
Deferred tax assets:		
Allowance for expected credit losses	**₱11,918,672**	₱11,918,672
NOLCO	**5,757,861**	2,021,339
Unrealized valuation losses on financial assets at FVTPL	**4,108,127**	–
Retirement liability	**2,597,842**	4,449,044
MCIT	**181,128**	166,426
	24,563,630	18,555,481
Deferred tax liabilities:		
Unrealized foreign exchange gains	**(29,483,512)**	(27,224,097)
Unrealized valuation gains on financial assets at FVOCI	**(10,736,474)**	(10,516,127)
Unrealized valuation gains on financial assets at FVTPL	**–**	(3,758,802)
	(40,219,986)	(41,499,026)
	(₱15,656,356)	(₱22,943,545)

Details of unrecognized deferred tax assets are as follows:

	2023	2022
Allowance for impairment losses on:		
Due from related parties	**₱42,211,279**	₱42,211,279
Investment in an associate	**26,204,772**	26,204,772
NOLCO	**1,435,522**	–
MCIT	**216,152**	–
	₱70,067,725	₱68,416,051

As at December 31, 2023, the details of NOLCO which can be claimed as deduction from future taxable income are shown below.

Year Incurred	Beginning Balance	Incurred	Ending Balance	Valid Until
2023	₱–	₱14,946,087	₱14,946,087	2026
2020	8,085,356	–	8,087,376	2025
	₱8,085,356	₱14,946,087	₱23,033,463	

As mandated by Section 4 of Republic Act (RA) No. 11494 or the "Bayanihan to Recover as One Act" and implemented under Revenue Regulations No. 25-2020, the net operating loss of a business enterprise incurred for the taxable years 2020 and 2021 can be carried over as a deduction from taxable income for the next five consecutive taxable years following the year of such loss.

As at December 31, 2023, the details of excess MCIT over RCIT which can be claimed as deduction from income tax due are as follows:

Year Incurred	Beginning Balance	Incurred	Ending Balance	Valid Until
2023	₱–	₱397,280	₱397,280	2026
2022	166,426	–	166,426	2025
	₱166,426	₱397,280	₱563,706	

Under the Corporate Recovery and Tax Incentives for Enterprises ("CREATE"), the RCIT of domestic corporations was reduced from 30% to 25% or 20% depending on the amount of total assets or total amount of taxable income. MCIT was changed from 2% to 1% of gross income for a period of three years up to June 30, 2023.

In 2023, the current income tax rates used in preparing the consolidated financial statements is 25% RCIT and 1.5% MCIT. In 2022, the current income tax rates used in preparing the financial statements is 25% RCIT and 1% MCIT.

17. Equity

Common Stock

In accordance with SRC Rule 68, Annex 68-D, below is a summary of the Group's track record of registration of securities.

	Number of Shares Registered	Issue/Offer Price	Date of Approval
Common shares	1,000,000,000	₱0.01	December 8, 1982
Common shares	9,000,000,000	0.01	July 28, 1997

The details of the Group's capital stock (number of shares and amounts) as at December 31, 2023, 2022 and 2021 are as follows:

Common stock – ₱1 par value	
Class A	
Authorized - 600 million shares	
Issued - 292,610,118 shares	₱292,610,118
Class B	
Authorized - 400 million shares	
Issued - 189,217,535 shares	189,217,535
	₱481,827,653

Class A and B common stockholders enjoy the same rights and privileges, except that Class A shares may be owned by, transferred to and subscribed only by Filipino citizens or corporations, partnerships and associations organized under the laws of the Philippines, of which 60% of the common stock outstanding is owned by citizens of the Philippines. Class B shares may be issued, transferred or sold to any person, corporation, partnership or association regardless of nationality.

The Parent Company has stockholders of 480 and 474 as at December 31, 2023 and 2022, respectively.

Treasury Shares

The Group's treasury shares pertain to shares of the Group acquired or held by its subsidiaries. For consolidation purposes, the costs of these shares are presented under the "Treasury shares" account in the equity section of the consolidated statement of financial position.

As at December 31, 2023 and 2022, the Group's treasury shares amounted to ₱102.1 million representing 98,123,387 shares.

Retained Earnings

Retained earnings is restricted to the extent of the acquisition price of the treasury shares amounting to ₱102.1 million as at December 31, 2023 and 2022.

Following are the dividends declared by the Parent Company in 2023, 2022 and 2021:

	Declaration date	Record date	Payment date	Description	Per Share	Total
2023	**June 27, 2023**	**July 9, 2023**	**July 27, 2023**	**Regular**	**₱0.10**	**₱48,182,765**
2023	**June 27, 2023**	**September 9, 2023**	**September 27, 2023**	**Regular**	**0.07**	**33,727,936**
						₱81,910,701
2022	June 27, 2022	July 12, 2022	July 30, 2022	Regular	0.05	₱24,091,383
2022	June 27, 2022	August 19, 2022	September 15, 2022	Regular	0.10	48,182,765
						₱72,274,148
2021	September 17, 2021	October 1, 2021	October 27, 2021	Regular	0.10	48,182,765

Dividends declared by the subsidiaries amounting to ₱2.8 million in 2023 (₱14.7 million and ₱9.8 million in 2022 and 2021, respectively) were eliminated in the consolidated financial statements.

18. Related Party Transactions and Balances

A summary of outstanding balances and transactions with related parties, net of allowance for impairment loss and presented under "Due from related parties" account, are as follows:

Related Party	Nature	Year	Amount of Transaction	Outstanding Balances
Associates				
BPO	Rental income	**2023**	**₱1,551,003**	**₱–**
		2022	1,477,146	–
	Payroll service expenses	**2023**	**123,138**	**–**
		2022	59,456	–
	Dividends	**2023**	**–**	**–**
		2022	5,249,962	5,249,962
PTC	Dividends	**2023**	**–**	**–**
		2022	5,249,962	5,249,962
Other Related Parties	Advances	**2023**	**14,799**	**260,408**
		2022	11,100	173,419
		2023		**₱260,408**
		2022		₱5,423,381

a. The Group has an 11-year lease contract with BPO commencing on October 30, 2009 over one of its condominium units as office space with a monthly rental of ₱0.1 million. The lease contract expired on February 15, 2020 and was renewed with the same terms and conditions (see Notes 12 and 21).

The future minimum rental income from BPO as at December 31, 2023 and 2022 are as follows:

	2023	2022
Within one year	**₱1,136,223**	₱1,025,177
After one year but not more than 5 years	**–**	171,818
	₱1,136,223	₱1,196,995

The Group has an existing agreement with BPO to engage in providing payroll processing services to employees of the Group, which shall be payable on demand upon provision of the service and billed based on fixed rate per number of employees.

b. Amounts owed by related parties pertain to reimbursements for expenses paid by the Group.

Outstanding balances are generally collectible on demand, non-interest bearing, unsecured, unimpaired. The outstanding related party transactions are expected to be settled in cash.

Movements of due from related parties, net of expected credit losses, are as follows:

	2023	2022
Due from related parties	**₱188,916,695**	₱188,829,706
Rent receivables	**–**	5,249,962
	188,916,695	194,079,668
Allowance for impairment loss	**(188,656,287)**	(188,656,287)
	₱260,408	₱5,423,381

Allowance for impairment loss is mainly attributable to the advances to MUDC (see Note 10).

Compensation of the key management personnel is as follows:

	2023	2022
Salaries and wages	₱9,503,036	₱9,503,036
Other benefits	1,297,300	1,297,300
	₱10,800,336	₱10,800,336

Below are the balances and transactions among related parties which are eliminated in the consolidated financial statements as at December 31, 2023 and 2022.

Amounts Owed by	Amounts Owed to	2023	2022
Parent Company	MCHC	₱4,143	₱6,500
PIEI	Parent Company	–	1,282,692

Dividends Declared by	Dividend Income of	2023	2022
MCHC	Parent Company	₱47,184,457	₱27,639,950
Parent Company	PIEI	8,731,981	7,543,516
Parent Company	MCHC	8,133,981	7,176,603

Advances Provided by	Advances Provided to	2023	2022
MCHC	Parent Company	₱8,360,829	₱6,500
Parent Company	–	–	1,282,692

The transactions pertain to cash advances and dividend declarations of the Group and MCHC in 2023 and 2022.

19. Earnings Per Share

The following table presents information necessary to compute the basic/diluted EPS:

	2023	2022	2021
Net income attributable to equity holders of the parent (a)	₱62,262,774	₱20,333,318	56,875,013
Weighted average number of ordinary shares outstanding for basic and diluted EPS (b)	379,732,827	379,732,827	379,732,827
Basic and diluted earnings per share (a/b)	₱0.16	₱0.05	₱0.15

The Group has no potential dilutive instruments issued as at December 31, 2023, 2022 and 2021.

20. Segment Information

The primary purpose of the Group is to invest in real and personal properties, particularly investments securities and investments property. The Group operates mainly in one reportable business segment which is investing and one reportable geographical segment which is the Philippines.

The Group has also other segment which are not operating such as development of power generation, power utility distribution, coal mining and trading.

21. Commitments and Contingencies

Operating Lease Agreements - The Group as a Lessor
The Group leased out a portion of its condominium spaces. The Group recognized rent income amounting to ₱22.1 million in 2023 (₱23.9 million and ₱22.0 million in 2022 and 2021, respectively) (see Note 12). The lease agreements have terms of one to three years and can be renewed upon the written agreement of the Group and the lessees.

Deposits payable made by the tenants amounting to ₱8.2 million as at December 31, 2023 (₱5.4 million as at December 31, 2022) will be returned to the lessees after the lease term (see Note 13).

The future minimum rental income as at December 31, 2023 and 2022 are as follows:

	2023	2022
Within one year	**₱11,158,604**	₱8,069,160
After one year but not more than two years	**2,430,131**	2,421,818
	₱13,588,735	₱10,490,978

Other Claims
As at December 31, 2022, the Group paid a claim arising from a lawsuit filed by a third party amounting to ₱24.7 million. This is presented as "Losses" in the consolidated statement of income.

22. Financial Risk Management Objectives and Policies

Risk Management Structure
The BOD is mainly responsible for the overall risk management approach and for the approval of risk strategies and principles of the Group. It has also the overall responsibility for the development of risk strategies, principles, frameworks, policies and limits. It establishes a forum of discussion of the Group's approach to risk issues in order to make relevant decisions.

Financial Risk Management Objectives and Policies
The principal financial instruments of the Group consist of cash and cash equivalents and investments in equity and debt securities. The main purpose of these financial instruments is to place excess cash in income-earning investments. The Group has various other financial assets and liabilities such as receivables, due from related parties, accounts and other payables and dividends payable which arise directly from its operations.

The main risks arising from the Group's financial instruments are credit risk, liquidity risk and market risk (i.e., interest rate risk, foreign currency risk and equity price risk). The Group's management reviews and approves policies for managing each of these risks and they are summarized below. The Group also monitors the market price risk arising from all financial instruments.

The magnitudes of these risks that have arisen over the year are discussed below.

Credit Risk
Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligation.

The Group is exposed to credit risk primarily because of its investing and operating activities.

The Group is exposed to credit risk arising from the counterparties (i.e., foreign currency denominated debt instruments, short-term investments, fixed income deposit and receivables) to its financial assets.

Credit Risk Management
In managing credit risk on these investments, capital preservation is paramount. The Group trades only with recognized and creditworthy third parties. For investments in bonds, funds are invested in highly recommended, creditworthy debt instruments that provides satisfactory interest yield and capital appreciation. Investments in equity securities represent investments in companies with good dividend track record, as well as capital appreciation. The investment portfolio mix between debt and equity is reviewed regularly by the Group's President and Treasurer.

With respect to credit risk arising from other financial assets of the Group, which consist of cash and cash equivalents, receivables and due from related parties, the Group's President and Treasurer monitor these financial assets on an ongoing basis with the result that the Group's exposure to impairment losses is not significant.

Credit Risk Exposures
At reporting date, the Group's maximum exposure to credit risk is equal to the carrying amount of cash and cash equivalents, receivables, due from related parties, financial assets at FVTPL and FVOCI recognized in the consolidated statement of financial position. The Group's financial assets are not covered by collateral from counterparties.

Credit Risk Concentration Profile
The Group has no significant concentrations of credit risk.

Credit Quality
As at December 31, 2023 and 2022, the credit qualities per class of financial assets are as follows:

	Neither past due nor impaired				
2023	High Grade	Standard Grade	Past due but not impaired	Individually impaired	Total
Financial Assets					
At amortized cost					
Cash and cash equivalents*	₱429,971,653	₱–	₱–	₱–	₱429,971,653
Receivables	2,511,035	–	–	1,007,000	3,518,035
Due from related parties	260,408	–	–	188,656,287	188,916,695
Convertible notes receivable	–	5,612,000	–	–	5,612,000
Financial assets at FVTPL	341,616,249	–	–	–	341,616,250
Financial assets at FVOCI	354,753,064	–	–	1,000,000	355,753,063
	₱1,129,112,409	₱5,612,000	₱–	₱190,663,286	₱1,325,387,696

**Excluding cash on hand*

2022	Neither past due nor impaired High Grade	Standard Grade	Past due but not impaired	Individually impaired	Total
Financial Assets					
At amortized cost					
Cash and cash equivalents*	₱467,685,273	₱–	₱–	₱–	₱467,685,273
Receivables	4,122,624	–	–	1,007,000	5,129,624
Due from related parties	5,423,381	–	–	188,656,287	194,079,668
Convertible notes receivable	–	5,612,000		–	5,612,000
Financial assets at FVTPL	238,309,793	–	–	–	238,309,793
Financial assets at FVOCI	462,820,756	–	–	1,000,000	463,820,756
	₱1,178,361,827	₱5,612,000	₱–	₱190,663,287	₱1,374,637,114

**Excluding cash on hand*

High Grade Financial Assets
High grade financial assets include receivables customers with good payment history. These receivables are considered to be of good quality and expected to be collectible without incurring any credit losses. Other high grade financial assets reflect the investment grade quality of the investments and/or counterparty and realizability is thus assured.

Standard Grade Financial Assets
Receivables from customers who settle their obligations with tolerable delays are classified under standard grade. Other standard grade financial assets are considered moderately realizable.

Past due but not impaired
Pertains to receivables where contractual payments are past due but the Company believes that impairment is not appropriate based on the probability of collection of amounts owed to the Company.

Impairment Assessment
The main considerations for impairment assessment include whether any payments are overdue or if there are any known difficulties in the cash flows of the counterparties. The Group determines allowance for each significant receivable on an individual basis. Among the items that the Group considers in assessing impairment is the inability to collect from the counterparty based on the contractual terms of the receivables. Receivables included in the specific assessment are nonmoving receivable, accounts of defaulted companies and accounts from closed companies.

In 2023 and 2022, the Group applies a general approach in calculating ECL. The Group tracks changes in credit risk and recognizes a loss allowance based on either a 12-month or lifetime ECL at each reporting date.

There has been no significant increase in credit risk in any of the Group's financial assets as at December 31, 2023 and 2022.

Liquidity Risk
Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations due to shortage of funds.

The Group's approach to managing liquidity risk is to ensure that it will always have sufficient liquidity to meet its liabilities when they are due and this is done by primarily investing in highly liquid investments and maintaining a significant amount of cash and cash equivalents and pre-terminable investments in its portfolio.

The following table summarizes the maturity profile of the Group's financial liabilities as of December 31, 2023 and 2022 based on contractual undiscounted cash flows. The table also analyzes the maturity profile of the Group's financial assets in order to provide a complete view of the Group's contractual commitments. The analysis into relevant maturity groupings is based on the remaining period at the end of the reporting period to the contractual maturity dates.

2023	On demand	Within 1 year	More than 1 year	Total
Financial Assets				
At amortized cost				
Cash and cash equivalents	₱81,317,262	₱348,671,390	₱–	₱429,988,652
Receivables	–	2,511,035	–	2,511,035
Due from related parties	–	260,408	–	260,408
Convertible notes receivable	–	5,612,000	–	5,612,000
Financial assets at FVTPL	341,616,249	–	–	341,616,249
Financial assets at FVOCI	–	477,020	354,276,044	354,753,064
Investments in rights issue subscription	–	–	43,933,450	43,933,450
	422,933,511	357,531,853	398,209,494	1,178,674,858
Financial Liabilities				
Trade and other payables*	–	9,004,844	–	9,004,844
Dividends payable	–	27,105,445	–	27,105,445
	–	36,110,289	–	36,110,289
	₱422,933,511	₱321,421,564	₱398,209,494	₱1,142,564,569

**Excluding statutory payables*

2022	On demand	Within 1 year	More than 1 year	Total
Financial Assets				
At amortized cost				
Cash and cash equivalents	₱83,520,956	₱384,176,317	₱–	₱467,697,273
Receivables	–	4,122,624	–	4,122,624
Due from related parties	–	5,423,381	–	5,423,381
Convertible notes receivable	–	–	5,612,000	5,612,000
Financial assets at FVTPL	238,309,793	–	–	238,309,793
Financial assets at FVOCI	–	477,020	462,343,736	462,820,756
Investments in rights issue subscription	–	–	27,632,400	27,632,400
	321,830,749	394,199,342	495,588,136	1,211,618,227
Financial Liabilities				
Trade and other payables*	–	6,952,128	–	6,952,128
Dividends payable	–	6,964,039	–	6,964,039
	–	13,916,167	–	13,916,167
	₱321,830,749	₱380,283,175	₱495,588,136	₱1,197,702,060

**Excluding statutory payables*

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

The Group's activities expose it primarily to the financial risks of changes in interest rates, foreign currency exchange rates and equity prices. There has been no change in the Group's exposure to market risks or the manner in which it manages and measures the risk.

<u>Interest Rate Risk</u>

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates.

The Group derives majority of its revenue from interest-bearing placements and bonds. Accordingly, the Group is subject to financial risk arising from changes in interest rates. The Group manages interest rate risk by investing mainly on fixed coupon bonds and other investments. By doing so, the Group is assured of future interest revenues from such investments.

Since the Group invests on fixed coupon interest bonds and other investments, the Group is not exposed significantly to cash flow interest rate risk. The following table demonstrates management's best estimate of the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's income before income tax due to changes in fair values of debt securities:

	2023	2022
Change in interest rate (percentage):		
+10%	**₱7,280,010**	₱14,500,424
-10%	**(7,280,010)**	(14,500,424)

There is no other impact on equity other than those already affecting the income before income tax in profit or loss.

Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in foreign currencies.

In the normal course of business, the Group enters into transactions denominated in US dollar and other foreign currencies. As a result, the Group is subject to transaction and translation exposures resulting from currency exchange rate fluctuations. The Group regularly monitors outstanding financial assets and liabilities in foreign currencies and maintains them at a level responsive to the current exchange rates so as to minimize the risks related to these foreign-currency-denominated assets.

Information on the Group's foreign-currency-denominated monetary assets and their Philippine peso equivalent as of December 31 are as follows:

			2023	
		Exchange Rate	**Original Currency**	**Peso Equivalent**
Cash	USD	**₱55.567**	**1,188,764**	**₱66,056,048**
	HKD	**7.112**	**37,755**	**268,521**
Receivables	USD	**55.567**	**27,729**	**1,540,815**
Financial assets at FVTPL	USD	**55.567**	**4,865,059**	**270,336,725**
	HKD	**7.112**	**4,019,465**	**28,586,837**
	EUR	**61.474**	**185,038**	**11,374,989**
	IDR	**0.004**	**1,368,316,800**	**4,925,940**
Financial assets at FVOCI:				
Debt	USD	**55.567**	**1,600,000**	**88,907,200**
Equity	USD	**55.567**	**4,943,566**	**274,699,119**
				₱746,696,194

		2022		
		Exchange Rate	Original Currency	Peso Equivalent
Cash	USD	₱56.120	6,382,795	₱358,202,470
	HKD	7.200	381,499	2,746,643
	EUR	59.555	46,205	2,751,725
	SGD	41.580	9,598	399,080
	AUD	37.802	5,890	222,656
Receivables	USD	56.120	53,027	2,975,895
Financial assets at FVTPL	USD	56.120	2,309,832	129,627,775
	HKD	7.200	8,034,765	57,847,094
	EUR	59.555	183,410	10,922,879
	SGD	41.580	131,206	5,455,502
	IDR	0.004	1,659,717,600	5,974,983
Financial assets at FVOCI:				
Debt	USD	56.120	2,431,223	136,440,247
Equity	USD	56.120	6,089,847	341,762,230
	HKD	7.200	1,947,348	14,020,127
				₱1,069,349,306

The Group has no foreign currency denominated monetary liabilities as at December 31, 2023 and 2022.

The following table demonstrates the sensitivity to a reasonably possible change in the foreign currencies exchange rates based on past foreign currencies exchange rates and macroeconomic forecasts for 2023 and 2022, with all other variables held constant, of the Group's 2023 and 2022 income before income tax.

The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for the following percentage change in foreign currency rates:

	2023		2022	
Original Currency	**Strengthened by 5%**	**Weakened by 5%**	Strengthened by 5%	Weakened by 5%
USD	**₱7,825,203**	**(₱7,825,203)**	₱24,880,931	(₱24,880,931)
EUR	**13,426**	**(13,426)**	137,586	(137,586)
HKD	**–**	**–**	137,332	(137,332)
SGD	**–**	**–**	19,954	(19,954)
AUD	**–**	**–**	11,133	(11,133)

There is no other impact on the Group's equity other than those already affecting the consolidated statement of income.

<u>Equity Price Risk</u>

Equity price risk is the risk that the fair values of equities decrease as a result of changes in the levels of the equity indices and the values of individual stocks. The equity price risk exposure arises from the Group's financial assets at FVTPL and financial assets at FVOCI. For investments in Philippine equities, majority of funds are invested in equities listed in the PSE.

The Group measures the sensitivity of its equity securities by using PSE, NYSE and HKEx indices fluctuations and its effect to respective share prices.

The following table demonstrates the sensitivity to a reasonably possible change in the equity price based on past price performance and macroeconomic forecast for 2023 and 2022, with all other variables held constant, of the Group's income before income tax and equity:

	2023	2022
Effect on income before income tax:		
Financial assets at FVTPL:		
Change in stock market index		
+10%	**₱34,161,625**	₱23,830,979
-10%	**(34,161,625)**	(23,830,979)
Effect on income equity:		
Investment in equity securities (FVOCI):		
Change in club share prices		
+10%	**₱28,195,296**	₱31,781,652
-10%	**(28,195,296)**	(31,781,652)

23. Fair Value of Financial Instruments

Fair values of financial assets at FVTPL and quoted financial assets at FVOCI are based on price quotations as at December 31, 2023 and 2022.

The following tables show the Group's fair value measurement hierarchy of its financial assets at FVTPL and FVOCI. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

2023	**Carrying Value**	**Level 1**	**Level 2**	**Level 3**	**Total Fair Value**
Financial assets at FVTPL	**₱341,616,249**	**₱341,616,250**	**₱–**	**₱–**	**₱341,616,250**
Financial assets at FVOCI					
Quoted debt securities	**72,800,106**	**72,800,105**	**–**	**–**	**72,800,105**
Quoted equity securities	**5,749,744**	**5,749,744**	**–**	**–**	**5,749,744**
Unquoted equity securities	**276,203,214**	**–**	**11,155,224**	**265,047,990**	**276,203,214**
Investment in rights issue subscription	**43,933,450**	**–**	**–**	**43,933,450**	**43,933,450**
	₱740,302	**₱420,166,099**	**₱11,155,224**	**₱308,981,440**	**₱740,302,763**

2022	Carrying Value	Level 1	Level 2	Level 3	Total Fair Value
Financial assets at FVTPL	₱238,309,793	₱238,309,793	₱–	₱–	₱238,309,793
Financial assets at FVOCI					
Quoted debt securities	145,004,236	145,004,236	–	–	145,004,236
Quoted equity securities	10,952,293	10,952,293	–	–	10,952,293
Unquoted equity securities	306,864,227	–	7,465,077	299,399,150	306,864,227
Investment in rights issue subscription	27,632,400	–	–	27,632,400	27,632,400
	₱728,762,949	₱394,266,322	₱7,465,077	₱327,031,550	₱728,762,949

As at December 31, 2023, the Group's financial assets include equity securities and investment in rights issue subscription, which are classified under level 2 and 3, respectively.

The fair values of unquoted equity securities have been determined by reference to the share prices of listed entities in similar industries and capital balances of underlying funds. The Group considers the recently transaction price as the deemed fair value as there is no readily available fair value for the investments in unquoted securities. The probabilities of the various estimates within the range are used in management's estimate of fair value for these non-listed equity investments.

Investments in rights issue subscription are valued based on the recently transacted price which is deemed the fair value. The recent transacted price has been concluded to best represent fair value on the basis that there have been no significant changes between the transaction date and the statements of financial position date (see Note 8).

As at December 31, 2023, there were no transfers between Level 1 and Level 2 fair value measurements. Also, there were no transfers into and out of Level 3 fair value measurements.

24. Capital Risk Management Objective and Policies

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, which pertains to its equity, and makes adjustment to it, in light of changes in economic conditions. To maintain or adjust the capital structure. The Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

The Group is not subject to any externally imposed capital requirements.

The total core capital considered by the Group as at December 31, 2023 and 2022 are as follows:

	2023	2022
Common stock	**₱481,827,653**	₱481,827,653
Additional paid in capital	**144,759,977**	144,759,977
Treasury shares	**(102,094,826)**	(102,094,826)
Retained earnings	**1,112,967,423**	1,135,349,886
	₱1,637,460,227	₱1,659,842,690

25. Supplemental Notes to Consolidated Statements of Cash Flows

The following shows the changes in the Group's liabilities arising from its financing activities in 2023 and 2022:

	As at January 1, 2023	**Dividends Paid**	**Dividend Declaration**	**As at December 31, 2023**
Dividends payable	**₱6,964,039**	**(₱64,503,831)**	**₱84,645,237**	**₱27,105,445**

	As at January 1, 2022	Dividends Paid	Dividend Declaration	As at December 31, 2022
Dividends payable	₱6,422,407	(₱57,012,397)	₱57,554,029	₱6,964,039

REYES TACANDONG & CO.
FIRM PRINCIPLES. WISE SOLUTIONS.

BOA/PRC Accreditation No. 4782
August 16, 2021, valid until April 13, 2024
SEC Registration No. PP201007009

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INDEPENDENT AUDITORS' REPORT

The Stockholders and the Board of Directors
F & J Prince Holdings Corporation and Subsidiaries
5th Floor, BDO Towers Paseo
8741 Paseo de Roxas, Makati City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of F & J Prince Holdings Corporation and Subsidiaries (the Group) as at and for the year ended December 31, 2023 and have issued our report thereon dated April 12, 2024. Our audit was made for the purpose of forming an opinion on the consolidated financial statements taken as a whole.

The following supplementary schedules are the responsibility of the Group's management. These are presented for purposes of complying with the Revised Securities Regulation Code Rule 68 Part II, and are not part of the basic consolidated financial statements:

- Reconciliation of the Parent Company's Retained Earnings Available for Dividend Declaration as at December 31, 2023
- Schedules required by Annex 68-J as at December 31, 2023
- Schedule of Financial Soundness Indicators as at and for the years ended December 31, 2023 and 2022
- Conglomerate Map as at December 31, 2023

The supplementary schedules have been subjected to the audit procedures applied in the audit of the basic consolidated financial statements and, in our opinion, fairly state, in all material respects, the financial data required to be set forth therein in relation to the basic consolidated financial statements taken as a whole.

REYES TACANDONG & CO.

BELINDA B. FERNANDO
Partner
CPA Certificate No. 81207
Tax Identification No. 102-086-538-000
BOA Accreditation No. 4782; Valid until April 13, 2024
BIR Accreditation No. 08-005144-004-2022
Valid until October 16, 2025
PTR No. 9564560
Issued January 2, 2024, Makati City

April 12, 2024
Makati City, Metro Manila

PARENT COMPANY'S RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION FOR THE REPORTING PERIOD ENDED DECEMBER 31, 2023

F & J PRINCE HOLDINGS CORPORATION

5th Floor, BDO Towers Paseo, 8741 Paseo de Roxas, Makati City

		Amount
Unappropriated retained earnings, beginning of reporting period		₱203,515,078
Less: Category B: Items that are directly debited to unappropriated retained earnings		
Dividend declaration during the reporting period		(81,910,701)
Unappropriated retained earnings, as adjusted		121,604,377
Add net income for the current year	63,711,580	
Add: Category C.1: Unrealized income recognized in the profit or loss during the reporting period (net of tax)		
Share in net income of associates	(45,346,405)	
Add/Less: Category C.1: Unrealized income recognized in the profit or loss during the reporting period (net of tax)		
Unrealized fair value adjustment (mark-to-market gains) of financial instruments at FVPL	(52,814,939)	
Unrealized foreign exchange loss	(15,065,593)	(49,515,357)
Add: Category F: Other items that should be excluded from the determination of the amount of available for dividends distribution		
Net movement in deferred tax asset and deferred tax liabilities related to same transaction		25,551,656
Total retained earnings, end of the reporting period available for dividend		₱97,640,676

F & J PRINCE HOLDINGS AND CORPORATION AND SUBSIDIARIES

SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS

DECEMBER 31, 2023 and 2022

Ratio	Formula	2023	2022
Current Ratio	**Total Current Assets divided by Total Current Liabilities**		
	Total current assets	**₱810,318,633**	₱750,206,745
	Divide by: Total current liabilities	**39,236,176**	16,219,321
	Current Ratio	**20.65**	46.25
Acid Test Ratio	**Quick assets (Total Current Assets less Inventories and Other Current Assets) divided by Total Current Liabilities**		
	Total current assets	**₱810,318,633**	₱750,206,745
	Less: Other current assets	**377,818,946**	278,386,848
	Quick assets	**432,499,687**	471,819,897
	Divide by: Total current liabilities	**39,236,176**	16,219,321
	Acid Test Ratio	**11.02**	29.09
Debt-to-Equity Ratio	**Total Liabilities divided by Total Equity**		
	Total Liabilities	**₱65,863,898**	₱58,058,042
	Total equity	**1,819,441,267**	1,821,935,821
	Debt to Equity Ratio	**0.04**	0.03
Asset-to-Equity Ratio	**Total Assets divided by Total Equity**		
	Total assets	**₱1,885,305,165**	₱1,879,993,863
	Total equity	**1,819,441,267**	1,821,935,821
	Asset to Equity Ratio	**1.04**	1.03
Return on Equity	**Net Income divided by Average Total Equity**		
	Net income	**₱63,711,580**	₱19,706,615
	Average Total Equity	**1,820,688,544**	1,850,650,242
	Return on Equity	**0.03**	0.01
Return on Assets	**Net Income divided by Average Total Assets**		

Ratio	Formula	2023	2022
	Net income	**₱63,711,580**	₱19,706,615
	Average total assets	**1,882,649,514**	1,911,279,031
	Return on Assets	**0.03**	0.01
Solvency Ratio	**Net Income Before Non-Cash Expenses divided by Total Liabilities**		
	Net income	**₱63,711,580**	₱19,706,615
	Add: Non-cash expenses	**17,804,385**	17,472,709
	Net loss before non-cash expenses	**81,515,965**	37,179,324
	Total liabilities	**65,863,898**	58,058,042
	Solvency Ratio	**1.24**	0.64
Net Profit Margin	**Net Income divided by Total Revenue**		
	Net income	**₱63,711,580**	₱19,706,615
	Total revenue	**164,306,117**	162,126,275
	Net profit margin	**0.39**	0.12

F & J PRINCE HOLDINGS CORPORATION AND SUBSIDIARIES

SEC SUPPLEMENTARY SCHEDULES AS REQUIRED BY PAR. 6
PART II OF REVISED SRC RULE 68
DECEMBER 31, 2023

Table of Contents

Schedule A. Financial Assets

Name of issuing entity and association of each issue	Number of shares or principal amount of bonds and notes	Amount shown in the balance sheet	Value based on market quotations at balance sheet date	Interest received and accrued
Financial assets at fair value through profit or loss				
Aboitiz Equity	3,120	₱139,152	₱139,152	₱–
ABS-CBN Broadcasting	12,000	55,440	55,440	–
AC Energy Corporation	12,234	53,585	53,585	65,697
AIA Group Limited	17,600	8,602,171	8,602,171	109,370
Alibaba Group Holding Limited	6,000	3,226,049	3,226,049	–
Alphabet Inc.	2,340	18,163,441	18,163,441	–
Amazon.com Inc.	3,756	31,711,345	31,711,345	–
Anheuser	2,000	7,182,599	7,182,599	63,844
Apple, Inc	3,090	39,840,523	39,840,523	56,030
Ayala Corporation	4,078	2,777,118	2,777,118	–
Ayala Land	144,000	4,960,800	4,960,800	–
Baidu, Inc	10,350	8,546,148	8,546,148	–
Becton Dickinson and Co.	400	5,419,561	5,419,561	–
Benguet Corporation	2,109	10,271	10,271	–
Berkshire Hathaway Inc	3,250	64,410,210	64,410,210	–
BUKALAPAK.com	6,334,800	4,925,940	4,925,940	–
Cebu Holdings Inc	9,375	57,375	57,375	–
DuPont de Nemours Ords Shs	1,800	7,694,585	7,694,585	101,334
General Motors Co.	3,199	6,385,097	6,385,097	45,017
Meralco	10,754	4,290,846	4,290,846	177,288
Meta Platforms Inc	1,000	19,668,495	19,668,495	–
Microsoft Corporation	1,100	22,984,956	22,984,956	98,938
NVIDIA Corporation	500	13,758,945	13,758,945	793
Oriental Petroleum "B"	1,260,888,642	10,087,109	10,087,109	–
Petron Corporation	30,939	109,833	109,833	–
Philex Mining "A"	335,323	1,076,387	1,076,387	–
Philex Petroleum	41,915	165,564	165,564	–
Ping An Insurance Co. Ltd	33,000	8,296,620	8,296,620	577,045
Rockwell Land Corporation	28,616	40,348	40,348	1,272
San Miguel Corporation "A"	12,240	1,249,704	1,249,704	21,673
San Miguel Corporation "B"	12,464	1,272,574	1,272,574	–
Taiwan Semiconductor Mfg. Co.	800	4,623,174	4,623,174	63,188
Tesla Motor, Inc.	1,040	14,359,580	14,359,580	–
Tesla, Inc.	1,000	13,807,288	13,807,288	–
Top Frontier Investment Holdings, Inc.	448	45,651	45,651	–
Volkswagen AG	610	4,192,390	4,192,390	735,906
Walt Disney Company	1,480	7,425,374	7,425,374	–
	1,267,977,372	₱341,616,249	₱341,616,249	₱2,117,395

Name of issuing entity and association of each issue	Number of shares or principal amount of bonds and notes	Amount shown in the balance sheet	Value based on market quotations at balance sheet date	Interest received and accrued
Financial assets at fair value through other comprehensive income				
ABJA Investment Co	200,000	₱11,030,040	₱11,030,040	₱–
Aslan Pharmaceuticals	59,895	1,737,646	1,737,646	–
ASLAN Pharmaceuticals ADR Rep	37,440	992,501	992,501	–
Australia And Newland Banking Group Ltd	225,000	12,523,205	12,523,205	465,140
Greenland Global Investment	275,000	3,695,206	3,695,206	1,236,436
NBM US Holdings Inc.	200,000	16,206,779	16,206,779	149,528
Theta Capital PTE	200,000	8,660,783	8,660,783	1,213,345
VM Holdings	200,000	10,779,998	10,779,998	599,120
Ayala Corporation	2,110	2,110	2,110	–
Ayala Land Inc	144,000	9,767	9,767	–
Balesin Island	1	5,400,000	5,400,000	–
Calata Corporation	560,000	1,159,200	1,159,200	–
Global Dividends Fund	100,000	5,749,744	5,749,744	–
MWAM VC Brady SX, LLC	250,000	13,891,750	13,891,750	–
Philippine Treasury	8,000,000	9,427,064	9,427,064	650,000
Republic of Venezuela	100,000	477,020	477,020	–
PLDT	400	4,000	4,000	–
Tagaytay Midlands	1	1,850,000	1,850,000	–
XEN 2019 Natural Resources SP	100,000	5,556,700	5,556,700	–
XEN 500 Global VII SP	803,000	67,899,876	67,899,876	–
XEN Capital Asia	150,000	8,335,050	8,335,050	–
XEN Digital Global VII SP	1,000,000	90,970,101	90,970,101	–
XEN One Limited	150,000	5,419,116	5,419,116	–
Xen Tech (Convertible Notes)	1,137,899	52,375,214	52,375,214	–
Xen Tech (Pre-A Equity Round)	200,000	11,113,400	11,113,400	–
Xen Technologies PTE. LTD.	738,116	9,486,784	9,486,784	–
	14,832,862	₱354,753,064	₱354,753,064	₱4,313,569

Schedule B. Amounts Receivable from Directors, Officers, Employees, and Principal Stockholders (Other than Related Parties)

Name and designation of debtor	Beginning balances	Additions	Amounts collected	Amounts written off	Current	Noncurrent	Ending balances
Advances to Officers and Employees	₱23,862	₱–	₱–	₱23,862	₱–	₱–	₱–

Schedule C. Amounts Receivable from Related Parties which are eliminated during the Consolidation of Financial Statements

Name and Designation of debtor	Balance of Beginning of Period	Additions	Amounts Collected	Allowance for Doubtful Accounts	Current	Not Current	Balance at end of period
MCHC	₱	₱4,143	₱	₱	₱	₱4,143	₱4,143

Schedule G. Capital Stock

Title of Issue	Number of Shares authorized	Number of shares issued and outstanding as shown under statement of financial position	Number of shares reserved for options, warrants, conversion and other rights	Number of shares held by related parties	Directors, officers and employees	Others
Class "A"	600,000,000	292,610,118	–	60,324,148	38,145,895	–
Class "B"	400,000,000	189,217,535	–	37,799,979	180,392	–
	1,000,000,000	**481,827,653**	–	**98,124,127**	**38,326,287**	–

F & J PRINCE HOLDINGS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF BALANCE SHEET

AS AT DECEMBER 31, 2023 AND 2022
WITH VERTICAL PERCENTAGE ANALYSIS

	2023	Vertical Percentage Analysis Dec. 31, 2023	2022	Vertical Percentage Analysis Dec. 31, 2022
ASSETS				
Current Assets				
Cash and cash equivalents	**429,988,652**	**22.81%**	467,697,273	24.88%
Financial assets at fair value through profit or loss (FVTPL)	**341,616,249**	**18.12%**	238,309,793	12.68%
Receivables - net	**2,511,035**	**0.13%**	4,122,624	0.22%
Due from related parties - net	**260,408**	**0.01%**	5,423,381	0.29%
Financial assets at fair value through other comprehensive income - current	**477,020**	**0.03%**	477,020	0.03%
Prepayments and other current assets	**35,465,269**	**1.88%**	34,176,654	1.82%
Total Current Assets	**810,318,633**	**42.98%**	750,206,745	39.90%
Noncurrent Assets				
Convertible notes receivable	**5,612,000**	**0.30%**	5,612,000	0.30%
Financial assets at fair value through other comprehensive income - noncurrent	**354,276,044**	**18.79%**	462,343,736	24.59%
Investments in associates	**302,233,819**	**16.03%**	267,617,359	14.24%
Investment in rights issue subscription	**43,933,450**	**2.33%**	27,632,400	1.47%
Investment properties - net	**345,811,010**	**18.34%**	359,082,447	19.10%
Property and equipment - net	**3,275,980**	**0.17%**	4,642,090	0.25%
Deferred tax assets	**-**	**0.00%**	-	0.00%
Other noncurrent assets	**19,844,229**	**1.05%**	2,857,086	0.15%
Total Noncurrent Assets	**1,074,986,532**	**57.02%**	1,129,787,118	60.10%
TOTAL ASSETS	**1,885,305,165**	**100%**	1,879,993,863	100.00%

	2023	Vertical Percentage Analysis Dec. 31, 2023	2022	Vertical Percentage Analysis Dec. 31, 2022
LIABILITIES AND EQUITY				
Current Liabilities				
Trade and other payables	**12,006,451**	**0.64%**	9,131,002	0.49%
Provision for legal obligation	**-**	**0.00%**	-	0.00%
Dividends payable	**27,105,445**	**1.44%**	6,964,039	0.37%
Income tax payable	**124,280**	**0.01%**	124,280	0.01%
Total Current Liabilities	**39,236,176**	**2.08%**	16,219,321	0.86%
Noncurrent Liabilities				
Retirement benefit obligation	**10,391,366**	**0.55%**	17,796,176	0.95%
Deferred tax liabilities	**15,656,356**	**0.83%**	22,943,545	1.22%
Due to related parties	**-**	**0.00%**		0.00%
Deposits payable - noncurrent	**580,000**	**0.03%**	1,099,000	0.06%
Total Noncurrent Liabilities	**26,627,722**	**1.41%**	41,838,721	2.23%
Total Liabilities	**65,863,898**	**3.49%**	58,058,042	3.09%
EQUITY				
Common stock	**481,827,653**	**25.56%**	481,827,653	25.63%
Additional paid in capital	**144,759,977**	**7.68%**	144,759,977	7.70%
Treasury shares	**(102,094,826)**	**-5.42%**	(102,094,826)	-5.43%
Net unrealized valuation losses on financial assets at FVOCI	**2,713,251**	**0.14%**	(16,798,687)	-0.89%
Remeasurement gains (losses) on retirement benefit obligation	**7,368,008**	**0.39%**	615,438	0.03%
Accumulated share in other comprehensive income of associates	**106,071,851**	**5.63%**	107,814,148	5.73%
Retained earnings	**1,112,967,423**	**59.03%**	1,135,349,886	60.39%
Equity Attributable to Equity Holders of the Parent Company	**1,753,613,337**	**93.01%**	1,751,473,589	93.16%
Noncontrolling Interests	**65,827,930**	**3.49%**	70,462,232	3.75%
Total Equity	**1,819,441,267**	**96.51%**	1,821,935,821	96.91%
TOTAL LIABILITIES AND EQUITY	**1,885,305,165**	**100.00%**	1,879,993,863	100.00%

EXHIBIT "5"
Schedule 1

F & J PRINCE HOLDINGS CORPORATION AND SUBSIDIARY
BREAKDOWN OF RECEIVABLES
AS OF DECEMBER 31, 2023, 2022 AND 2021

	2023	2022	2021
Receivables:			
Receivable from Related Parties:			
Business Process Outsourcing, International	**₱–**	₱5,249,962	₱1,749,987
Magellan Utilities Development Corporation	**185,732**	127,989	128,039
Pointwest Technologies Corporation	–	–	15,394,042
Others	**74,676**	45,430	41,890
Total Receivables from Related Parties	**₱260,408**	**₱5,423,381**	₱17,313,958

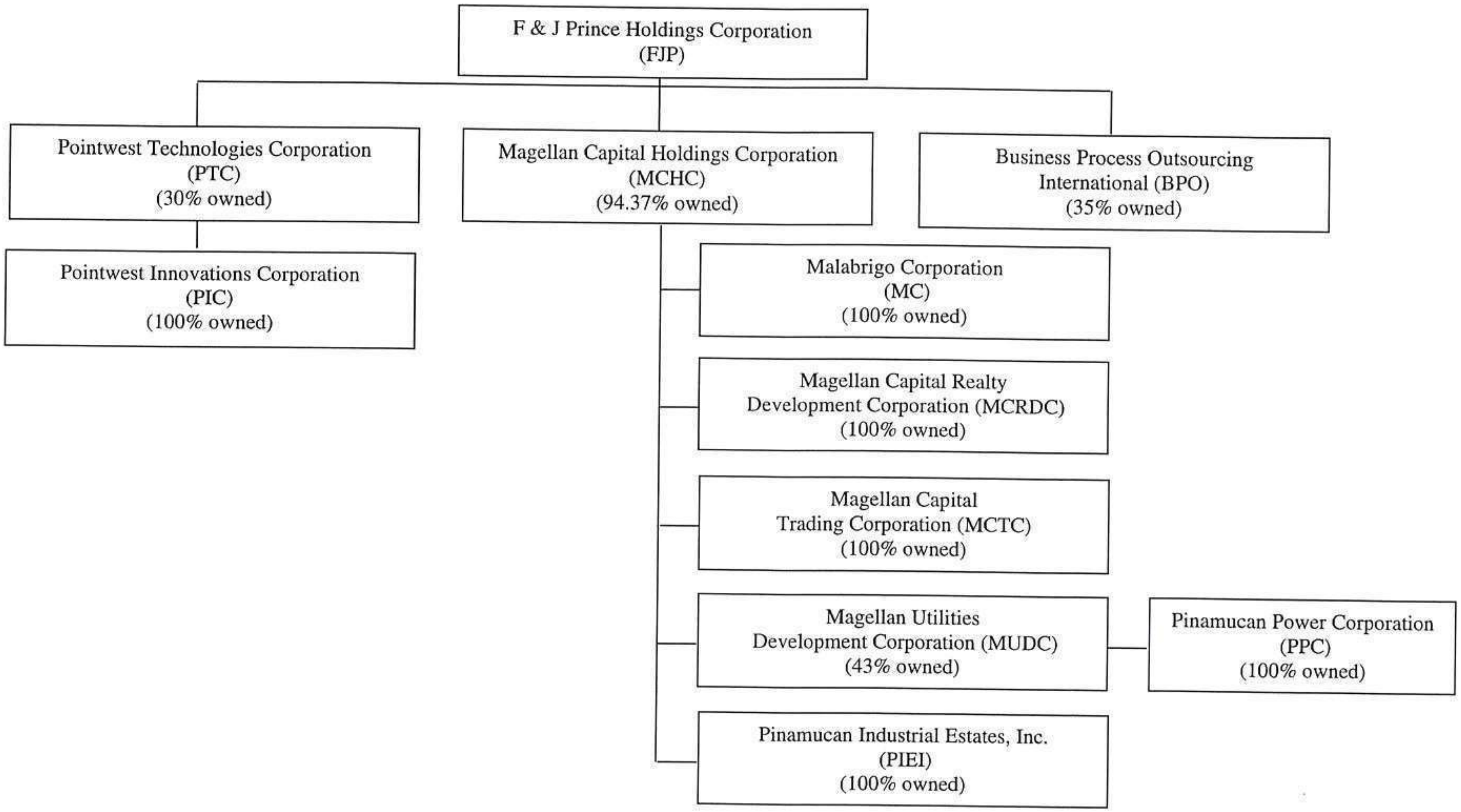
Interest Receivable	**₱2,753,965**	₱4,215,899	₱4,115,397
Rent Receivables	**547,629**	853,034	1,474,265
Receivable from Philippine Depositary Insurance Corporation (PDIC)	–	–	–
Others	**246,441**	60,691	48,941
Total Receivables from Third Parties	**₱3,548,035**	₱5,129,624	₱5,638,603

EXHIBIT "5"
Schedule 2

F & J PRINCE HOLDINGS CORPORATION AND SUBSIDIARY
BREAKDOWN OF ACCOUNTS PAYABLE AND ACCRUED EXPENSES
AS OF DECEMBER 31, 2023, 2022 AND 2021

	2023	2022	2021
Accounts payable	**₱611,011**	₱1,489,570	₱749,267
Deposit payable	**7,667,504**	4,270,053	3,802,551
Government payable	**3,003,607**	2,178,874	1,930,093
Deferred rental income	–	–	–
Accrued expenses			
Professional fees (legal and audit fees)	**724,329**	1,192,505	1,229,050
Other operating expenses	–	–	33,600
Total Accounts Payable and Accrued Expenses	**₱12,006,451**	₱9,131,002	₱7,744,561

F & J PRINCE HOLDINGS CORPORATION AND SUBSIDIARIES
CONGLOMERATE MAP



CERTIFICATION OF INDEPENDENT DIRECTOR

I, **Peter L. Kawsek, Jr**, Filipino, of legal age and resident of 415 Arayat Street, Mandaluyong City, after having been duly sworn to in accordance with law, do hereby declare that:

1. I am a nominee for independent director of F & J Prince Holdings Corporation and have been its independent director since July 16, 2019.

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

COMPANY/ORGANIZATION	POSITION/RELATIONSHIP	PERIOD OF SERVICE
Apo International Marketing Corporation	President	From 1980 to Present
Kawsek, Incorporated	Vice President	From 1980 to Present
PNZ Marketing, Inc.	President	From1981 to Present
PNZ Packers, Inc.	President	From 1981 to Present
Bekter Ventures, Inc.	President	From 2007 to Present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of F & J Prince Holdings Corporation, as provided for in Section 38 of the Securities Regulation Code (SRC), its Implementing Rules and Regulations (IRR) and other issuances of the Securities and Exchange Commission (SEC).

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

5. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the SRC and its IRR, Code of Corporate Governance and other SEC issuances.

6. I shall inform the Corporate Secretary of F & J Prince Holdings Corporation of any changes in the above-mentioned information within five days from its occurrence.

Done, this _____ day of MAY 0 6 2024 2024, at City of MAKATI CITY.

PETER L. KAWSEK, JR.
Affiant

SUBSCRIBED AND SWORN to before me this _____ day of MAY 0 6 2024 2024 at City of MAKATI CITY affiant personally appeared before me and exhibited his Driver's License No. N15-79-022353 issued at LTO Quezon City on July 29, 2018.

NOTARY PUBLIC

ATTY. JOEL FERRER FLORES
Notary Public for Makati City
Until December 31, 2024
Appointment No. M-115(2023-2024)
Roll Of Attorney No. 77376
MCLE Compliance VIII No.0001393
Jan. 3, 2023 until Apr. 12, 2028
PTR NO.10073945/Jan. 2, 2024/Makati City
IBP No.330740/Jan. 2, 2024/Pasig City
1107 Bataan St., Guadalupe Nuevo,Makati City

Doc. No. 239
Page No. 49
Book No. 13
Series of 2023.

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **Charlie K. Chua**, Filipino, of legal age and resident of 180 4th Avenue, Caloocan City, after having been duly sworn to in accordance with law, do hereby declare that:

1. I am a nominee for independent director of F & J Prince Holdings Corporation and have been its independent director since July 16, 2019.

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

COMPANY/ORGANIZATION	POSITION/RELATIONSHIP	PERIOD OF SERVICE
Highland Tractor Parts, Inc.	Vice President	29 years
CKL Marketing & Dev't. Corp.	President	29 years

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of F & J Prince Holdings Corporation, as provided for in Section 38 of the Securities Regulation Code (SRC), its Implementing Rules and Regulations (IRR) and other issuances of the Securities and Exchange Commission (SEC).

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

5. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the SRC and its IRR, Code of Governance and other SEC issuances.

6. I shall inform the Corporate Secretary of F & J Prince Holdings Corporation of any changes in the above-mentioned information within five days from its occurrence.

MAY 06 2024

Done, this _____ day of _____________ 2024, at City of MAKATI CITY.

Charlie Cho Chua

CHARLIE K. CHUA
Affiant

SUBSCRIBED AND SWORN to before me this MAY 06 2024 day of _____________ 2024 at City of MAKATI CITY, affiant personally appeared before me and exhibited his Passport No. P3217214B issued at DFA NCR Northeast on September 15, 2019.

NOTARY PUBLIC

ATTY. JOEL FERRER FLORES
Notary Public for Makati City
Until December 31, 2024
Appointment No. M-115(2023-2024)
Roll Of Attorney No. 77376
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Doc. No. 240
Page No. 49
Book No. 13
Series of 2024.

F & J Prince Holdings Corporation

Memorandum: CORPORATE ACTIONS TAKEN FOR 2023

DATE	ACTION TAKEN
January 18, 2023 (Special Board Meeting)	**a) Election of the Chairman, President, Treasurer, and Assistant Treasurer** The following officers were elected to fill-up the vacancies caused by the untimely death of Robert Y. Cokeng: Johnson Tan Gui Yee – Chairman of the Board Mark Ryan K. Cokeng – President Mary K. Cokeng – Treasurer Katrina Marie K. Cokeng – Assistant Treasurer **b) Designation of Nominee to the Board of Pointwest Technologies Corporation and BPO International** Katrina Marie K. Cokeng was designated as the company nominee to the Board of Directors of Pointwest Technologies Corporation and BPO International. **c) Authorized Signatories of Various Banks** "Resolved that, the Corporation be authorized to open and maintain deposits account/s and/or placement/s and/or to invest in government securities and other similar instruments with any banking institution, but not limited to the following banks: China Banking Corporation (CBC) Bank of the Philippines Islands (BPI) Security Banking Corporation (SBC) Philippine Bank of Communications (PBCom) Metropolitan Bank and Trust Company (Metrobank) BDO Universal Bank/Private Bank under such terms and conditions, as may be mutually agreed upon, where its cash funds, any

	credit remittances or checks issued in its favor, with or without endorsement, maybe deposited or invested; "Resolved further, that any tow of the following officers be authorized to sign, countersign, execute and deliver any check, deposit slips, withdrawal slips, application to purchase manager's check, stop payment order, applications for telegraphic transfer, demand draft or sola draft, specimen cards, trust/investment management agreements, affidavit of beneficial ownership, or any and all agreements, documents or papers as are necessary to effectuate the foregoing matters: Mark Ryan K. Cokeng – President Johnson U. Co – Vice-President – Administration Mary K. Cokeng – Treasurer "Resolved, furthermore, that any and all resolutions inconsistent herewith are hereby modified accordingly."
June 19, 2023 (Regular Board Meeting)	**a) Date of Annual Stockholders' Meeting** "Resolved, that the Corporation's Annual Stockholders' Meeting be held on September 7, 2023, Thursday at 3:00PM via Zoom app; "Resolved Further, that for this purpose, Mark Ryan K. Cokeng, President, be as he is hereby authorized to represent the Corporation as well as to sign, execute and deliver any and all as may be necessary to be executed in implementation of the foregoing." **b) Declaration of Cash Dividends** "Resolved, that there is hereby declared out of the Corporation's unrestricted retained earnings a cash dividend of a total of Seventeen Centavos (₱0.17) per share, payable as follows: (i) Ten centavos (₱0.10) per share, to stockholders of record as of July 9, 2023 (the "Record Date"), payable on or before July 27, 2023; and

	(ii) Five centavos (₱0.05) per share, to stockholders of record as of September 9, 2023 (the "Record Date"), payable on or before September 27, 2023. **c) Account with Bank of Singapore Limited** "Resolved, that the list of authorised signatories previously submitted to the Bank be revoked with effect from June 23, 2023 and the authorized signatories shall be as follows: Rufino Borromeo Tiangco Johnson Uy Co Mary Ku Cokeng "Resolved Further, that each of the persons named above and whose names and particulars are set out in the enclosed list of authorized signatories (the "Authorised Signatories") be and are hereby authorized to operate the Account in the manner set out in the Services Agreement for the time being, subject to any limitation of authority specified in the enclosed signatory list (if any), including closing the Account and signing on behalf of the Company any deeds, documents, forms, agreements and amendments or variations thereof relating to or governing the Account as the Bank may require from time to time, and that any [two]* of the signatures of the Authorised Signatories shall be of sufficient authority to bind the Company in all transactions between the Bank and the Company including those specifically referred to; "Resolved Finally, that the effective date of the list authorized signatories herein be set for June 23, 2023." **c) Change of name from Ultrana Energy & Resources Corporation to F&J Prince Holdings Corporation** "Resolved, that the Corporation process with San Miguel Corporation (SMC) the change of the Corporation's name in their records to reflect the change in name from "Ultrana Energy & Resources Corporation" to "F&J Prince Holdings Corporation" pursuant to the company's amended SEC Registration No. AS094-5770;

	"Resolved Further that the following whose specimen signatures appear below be, as they are hereby authorized to represent the Corporation in this transaction as well as to sign, on behalf of the Corporation, any and all documents as may be necessary to implement the foregoing: Name / Position / Specimen Signature Mark Ryan K. Cokeng / President / ________________ Johnson U. Co / Vice-President - Administration / ________________ **c) Authorized Signatories with Professional Stock Transfer, Inc.** "Resolved, that any ONE (1) of the following officers of the Corporation, be as he us hereby authorized to act on behalf of the Corporation in relation to the Corporation's account with Professional Stock Transfer, Inc. (PSTI), the Corporation's Stock and Transfer Agent, to wit: Name / Position / Specimen Signature Mark Ryan K. Cokeng / President / ________________ Johnson U. Co / Vice-President for Administration / ________________ Mary K. Cokeng / Treasurer / ________________ "Resolved Further, that the above-described officers are likewise authorized to sign, execute, and deliver any and all documents in implementation of the foregoing."
September 7, 2023 (Annual Stockholders Meeting and Organizational Board Meeting)	**a) Election of Directors** The following were nominated and elected as members of the Board of Directors and who would act as such until their successors have been duly elected and qualified: Charlie K. Chua Francis L. Chua Johnson U. Co Johnny O. Cobankiat Katrina Marie K. Cokeng Mary K. Cokeng Peter L. Kawsek, Jr. Johnson Tan Gui Yee Rufino B. Tiangco

	Messrs Charlie K. Chua and Peter L. Kawsek, Jr. were re-elected as independent directors of the Corporation, as required by law. **b) Appointment of External Auditors** The stockholders approved and ratified the appointment of Reyes Tacandong & Co. as external auditors of the Corporation for the fiscal year 2023. Thereafter, at the Organizational Meeting of the newly-elected directors, held immediately after the Annual Stockholders' Meeting, the following persons elected to the positions indicated opposite their respective names: Johnson Tan Gui Yee – Chairman of the Board Mark Ryan K. Cokeng - President Ponciano K. Mathay – Senior Vice President, Compliance Officer, & Asst. Corporate Secretary Johnson U. Co – Vice President for Administration Mary K. Cokeng – Treasurer Fina Bernadette D.C. Tantuico – Corporate Secretary <u>Audit Committee:</u> Peter L. Kawsek, Jr – Chairman/Independent Director Mark Ryan K. Cokeng Johnson Tan Gui Yee Rufino B. Tiangco <u>Nomination Committee:</u> Mark Ryan K. Cokeng - Chairman Rufino B. Tiangco Johnson Tan Gui Yee Charlie K. Chua – Independent Director <u>Compensation Committee:</u> Mark Ryan K. Cokeng – Chairman Johnson U. Co Rufino B. Tiangco Charlie K. Chua **c) Declaration of Cash Dividends** The Corporation declared out of the unrestricted retained earnings a cash dividend of a total of Seventeen Centavos (₱0.17) per share, as follows:

	Ten centavos (₱0.10) per share to stockholders of record as of July 9, 2023 (the "Record Date"), payable on or before July 27, 2023, and Seven Centavos (₱0.07) per share to shareholders of record as of September 9, 2023 (the "Record Date"), payable on or before September 27, 2023.

DIRECTORY/BANKERS

EXECUTIVE OFFICES:
5th Floor, BDO Towers Paseo
8741 Paseo de Roxas, Makati City 1226
Tel. Nos.: 8892-7133 • 8892-7137
8892-9443

LEGAL COUNSEL:
ATTY. FINA BERNADETTE D.C. TANTUICO
5th Floor, BDO Towers Paseo
8741 Paseo de Roxas, Makati City

AUDITORS:
REYES TACANDONG & CO.
11th Floor, BDO Towers Valero,
8741 Paseo de Roxas, Makati City

TRANSFER AGENT:
PROFESSIONAL STOCK TRANSFER, INC. (PSTI)
10th Floor, Telecom Plaza,
316 Sen. Gil Puyat Avenue, Makati City

LISTED AT:
THE PHILIPPINE STOCK EXCHANGE, INC.
6/F PSE Tower, 5th Avenue cor 28th Street,
Bonifacio Global City, Taguig City

BANKERS:

BANK OF THE PHILIPPINE ISLANDS
Ortigas Branch
Benpres Building, Ortigas Center
Pasig City

CHINA BANKING CORPORATION
Balintawak-Boni Branch
Balintawak, Quezon City

METROPOLITAN BANK & TRUST CO.
Meralco Branch
Ground Floor, Ortigas Building
Ortigas Avenue, Pasig City

ANNUAL REPORT ON SEC FORM 17-A

The corporation undertakes to provide without charge to the shareholders or to each person solicited, on the written request of any such person, a copy of the Annual Report on SEC Form 17-A. Said written request, may be directed to:

ATTY. ANNE JAYCELLE C. SACRAMENTO
Acting Corporate Secretary
F& J Prince Holdings Corporation
5th Floor, BDO Towers Paseo
8741 Paseo de Roxas, Makati City